

THE NATION'S BUSINESS



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to My Business *By E. A. Filene*

The Sherman Act—Afterthoughts
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What Are Henry Ford's Railroad
Ideas Worth? *By Walker D. Hines*

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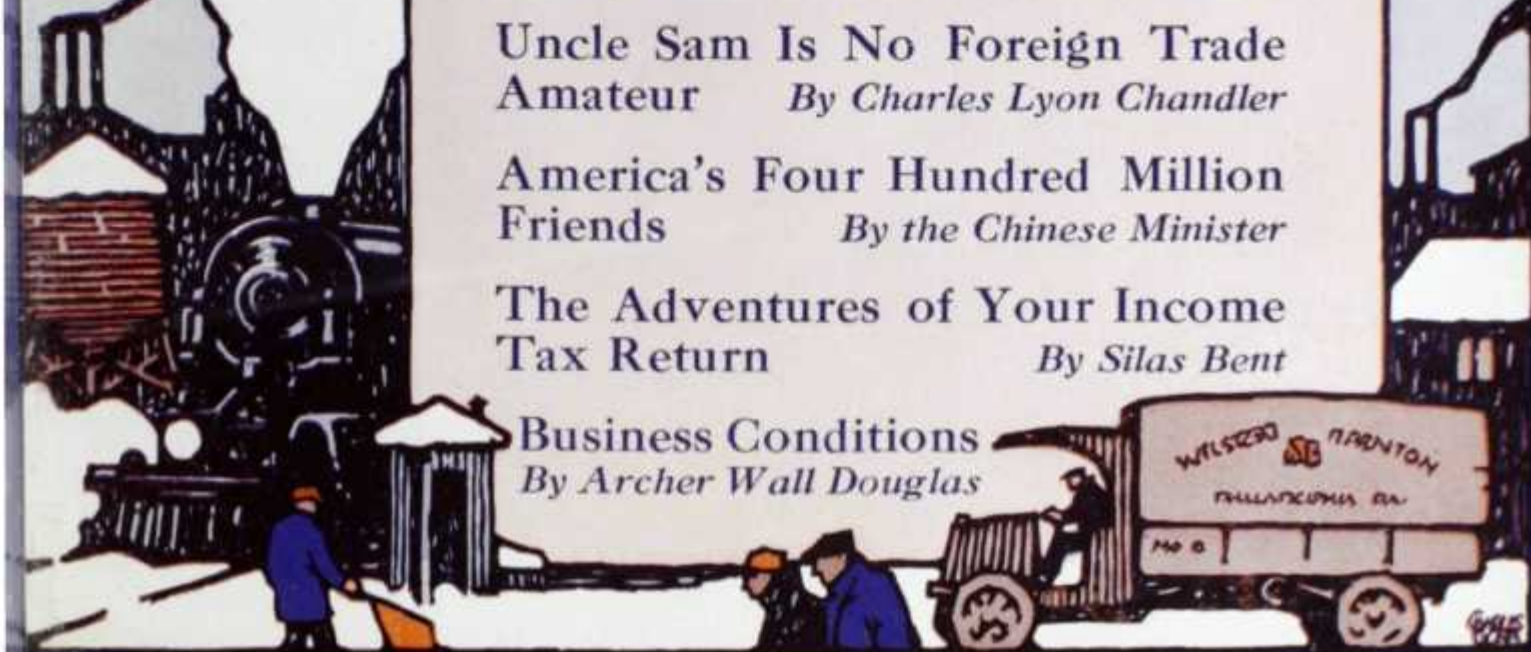
We Ought to Encourage German
Competition *By M. C. Rorty*

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America's Four Hundred Million
Friends *By the Chinese Minister*

The Adventures of Your Income
Tax Return *By Silas Bent*

Business Conditions
By Archer Wall Douglas





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Perhaps you have often wondered why some one did not produce a drill for the shop which could not obtain production with Carbon Drills and yet was not equipped to realize full efficiency from High Speed Drills and consequently could not use these drills economically.

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"MEZZO" works at its best efficiency this way.

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Write for the "Story of Mezzo." It is a most interesting little booklet which gives full information on "MEZZO" and its uses.

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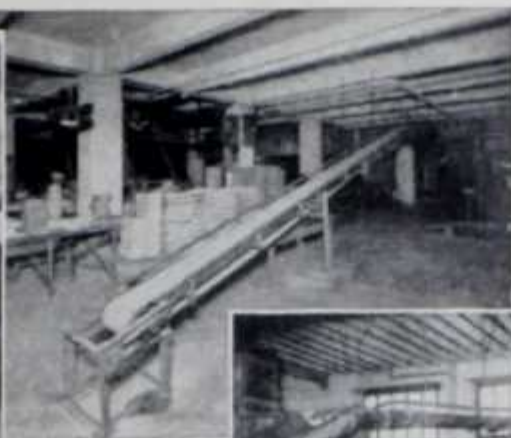


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Wherever Mathews Conveyors are installed tremendous economy is effected, due to faster and cheaper handling, minimum resting of materials, increased production and conservation of floor space as well as the floor themselves.



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This is particularly true right now when the chief aim is to keep the business keel even while the inflowing tide of prosperity is coming in.

This need for economical production is still further emphasized by the movement now afoot to relieve unemployment, the solution of which largely involves the production of surplus stocks at present costs to be disposed of later at prices no one can foresee.

No matter what the future, the use of conveyers to increase the efficiency of the men employed will lower production cost to its lowest possible level, and permit setting prices where goods will move faster. When business is at full

tide, such industries will have the equipment necessary to keep production apace with demands of expanding markets.

Regardless of prevailing business conditions, Mathews Conveying Equipment helps the manufacturer meet the emergency, whether the problem is lower manufacturing costs, increased volume—or both.

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MATHEWS
SPEED ECONOMY
GRAVITY ROLLER CONVEYER

The Nation's Business is published on the 15th of every month by the Chamber of Commerce of the United States, 1115 Building, Washington, D. C. Subscription price \$3.00 a year; \$5.00 two years; \$7.50 three years; 50 cents a copy. Canadian subscription price \$4.00 a year; 50 cents a copy. Foreign subscription price \$4.00 a year; 50 cents a copy. Entered as second class matter March 25, 1908, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

Official Tells Why St. Louis Was Chosen For \$2,000,000 Plant

President of Cable Company Praises Rail and Water Transportation, Nearness to Raw Materials and Helpful Co-operation

Joseph W. Marsh, president of the Standard Underground Cable Company, in a letter to the St. Louis Chamber of Commerce gives seven reasons why his company chose St. Louis in preference to other cities for a new \$2,000,000 factory for the manufacture of electrical wires and cables. The plant will be erected in St. Louis' new \$30,000,000 industrial district. The reasons were:

1. (a) St. Louis' geographical location is practically the center of population of the United States.

(b) It is the center of a circle within which there are distributed in every direction more large, progressive cities within reasonable reach for our products than would be found in any similar circle drawn around any other large city of the Middle West.

2. Its proximity to important raw materials entering our products.

3. Its splendid railroad facilities—north, east, south and west—and its fine possibilities for inland water transportation, of which the recent establishment of a large line between St. Louis and New Orleans is but the beginning.

4. An abundant labor supply of steady, stabilized, industrious and thrifty character—a very good proportion owning their own homes.

5. Abundant electric power at favorable prices, and a comprehensive and convenient street car system.

6. Its fine schools and universities; many beautiful churches, libraries and art centers; and its magnificent and widely spread park system dedicated to the recreation of the people.

7. Finally, I will add, a city may have all of these advantages, yet fail to reap the benefits in winning new industries unless these advantages are effectively brought to the attention of manufacturers seeking new locations. St. Louis has a splendid advertising and selling agency in its Chamber of Commerce, publicity and industrial departments; and in the friendly welcome and helpful co-operation of your leading citizens, including bankers, merchants, manufacturers, railroad officials and others whom it was our pleasure to meet during our visit to your city.

U. S. APPROVES STATE'S

**GEN. MAITLAND ATTEMPTED
TO SAYF 7P 2 BUT FAI**

Send today for our booklet, "St. Louis as THE Manufacturing Center."



**General Secretary
ST. LOUIS CHAMBER of COMMERCE
St. Louis, U.S.A.**



To Trade Organization Secretaries

Who recently held their annual meeting at THE DRAKE



Gentlemen:

My brother, Mr. John B. Drake, and I wish to express to all of you our pleasure that you chose THE DRAKE as your convention headquarters when you were in Chicago recently. We appreciate the distinction of having had so many men, representing so many broad industrial activities, as guests of THE DRAKE during that time.

It would have pleased us to have met each one of you personally. We looked in upon your meetings and they seemed to be characterized by snap and zest, and you must have accomplished good results.

We hope you received satisfactory service and attention from all the members of our staff, and that you will all come again, either singly or in groups, as your associations work out plans for future annual meetings.

We feel that THE DRAKE, in its arrangements and facilities, is an ideal place for business men to hold their gatherings, large and small, and it is the desire of all our Heads of Departments and employees to cooperate thoroughly in giving everyone most efficient service and interested attention.

If we, personally, can be of any assistance in any of your future plans, please call upon us freely.

Yours very truly,

Tracy C. Drake

President

THE DRAKE HOTEL COMPANY—MANAGERS.

THE DRAKE is magnificently located on the quiet shores of Lake Michigan, yet within a few minutes' walk to the center of the city's business and theatrical districts.

November 15, 1921

The DRAKE

Lake Shore Drive and Upper Michigan Avenue, CHICAGO
Under the Direction of The Drake Hotel Company, owners of THE BLACKSTONE.
(Six minutes distant by taxicab.)



Naval Vessels as Hulks for Salvage

By Sealed Proposals opening January 16, 1922, at Board of Survey, Appraisal and Sale, Navy Yard, Washington, D. C.

Improvements in Naval construction have rendered these fine old war-ships obsolete, and the opportunity is now being given the metal trades to purchase for salvage the following vessels:—

Some of the Vessels Offered for Salvage

(The displacements given below are for full load.)

- | | |
|---|--|
| U. S. S. MAINE (Battleship). Built in 1901.
Length 393 feet; draft, 23 feet; beam, 72 feet.
Displacement, 13,500 tons. Now at Philadelphia, Pa. | U. S. S. OZARK (Monitor). Built in 1900.
Length, 255 feet; draft, 13 feet; beam, 50 feet.
Displacement, 3,356 tons. Now at Philadelphia, Pa. |
| U. S. S. MISSOURI (Battleship). Built in 1901.
Length, 394 feet; draft, 24 feet; beam, 72 feet.
Displacement, 13,500 tons. Now at Philadelphia, Pa. | TARGET (Ex-Monitor MIANTANOMOH).
Built in 1876.
Length, 263 feet; draft, 14 feet; beam, 55 feet.
Displacement, 3,990 tons. Now at Norfolk, Va. |
| U. S. S. WISCONSIN (Battleship). Built in 1898.
Length, 374 feet; draft, 24 feet; beam, 72 feet.
Displacement, 12,150 tons. Now at Philadelphia, Pa. | U. S. S. TONOPAH (Monitor). Built in 1900.
Length, 255 feet; draft, 13 feet; beam, 50 feet.
Displacement, 3,356 tons. Now at Philadelphia, Pa. |
| * U. S. S. BROOKLYN (Cruiser). Built in 1895.
Length, 402 feet; breadth, 65 feet; draft, 24 feet.
Displacement, 10,068 tons. Now at Mare Island, Calif. | * U. S. S. SMITH (Destroyer). Built in 1909.
Length, 294 feet; draft, 8 feet; beam, 26 feet.
Displacement, 902 tons. Now at Philadelphia, Pa. |
| * U. S. S. COLUMBIA (Cruiser). Built in 1892.
Length, 413 feet; draft, 23 feet; beam, 58 feet.
Displacement, 7,387 tons. Now at Philadelphia, Pa. | * U. S. S. ALBERT BROWN (Fish Boat). Built in 1897.
Length, 103 feet; draft, 10 feet; beam, 18 feet.
Gross tonnage, 108 tons. Now at Philadelphia, Pa. |
| U. S. S. MEMPHIS (Cruiser). Built in 1903.
Length, 504 feet; draft, 25 feet; beam, 73 feet.
Displacement, 15,712 tons.
Now a wreck at Santo Domingo, D. R. | U. S. S. ORIOLE (Ex-DALE): Wooden Sailing Vessel. Built in 1839.
Length, 117 feet; beam, 34 feet.
Now at Coast Guard Depot (S. Baltimore, Md.). |
| TARGET (Ex-Monitor PURITAN). Built in 1882.
Length, 299 feet; draft, 18 feet; beam, 60 feet.
Displacement, 6,060 tons. Now at Norfolk, Va. | |

NOTE:—The vessels marked with an asterisk [*] will, on December 15, 1921, be offered for sale for "Conversion to Commercial Uses." Such vessels as are not sold on that date will be offered on January 16, 1922, for sale as "Hulks for Salvage."

The offer of these vessels by the Navy Department for sale to commercial organizations should be considered from the standpoint of a nucleus to go into the ship breaking up field for some "farsighted concern" looking for new business.

Aside from the ferrous and non-ferrous metals entering into Naval ship construction, consider the electrical machinery, pumps, winches, boilers, engines, piping, etc., for which there is always a receptive market with an attractive recovery.

A careful investigation of the success recently achieved in foreign countries by "ship breaking" concerns will convince you of the advisability of promptly communicating with the Navy Department.

*Write or wire for catalog No. 10-46b giving the terms of sale
and describing the vessels offered*

CENTRAL SALES OFFICE

NAVY DEPARTMENT

WASHINGTON, D. C.

BUY IT FROM THE NAVY

Through the Editor's Spectacles

PERTINENT note from an internationally-minded subscriber of Chicago: "If only the arms conference will give us a tranquil mind! Fear is the world's trouble today, fear of the dark. A billion in gold here that ought to be working, not alone bringing us interest, but building bridges, railroads, houses for Argentine and Poland. Why not? Fear. Consider the daily toll on each of us arising from un-economic machinery set up because of fear. A merchant marine—expensive, yes, but, you know, in case of war! High tariff, please, to keep this industry alive, for, you know, in case of war!"

"No one man of us is swinging his full reach today. We're limiting our industrial attack to elbow punch. Fear is the cause, fear of something, we don't know what, that will get inside our guard if we aren't almighty careful."

"Restore confidence once more between man and man, nation and nation, then watch us clean up some of the big jobs before the world just now."

Speaking of "internationally-mindedness," our extra edition, "European Problems Affecting American Business," was well received. An enterprising Paris publisher has printed it in French and is selling it at a franc per. Subscribers to date have ordered 125,000 copies for further distribution. Who says the American business man is provincial, insular? He knows that his activities in trade have brought the political and social affairs of the world into his backyard, and, of course, he appreciates the importance on our part of understanding them.

His customers are affected even more than he. Bandits hold up the caravans of sun-dried wool in North China, and the housewife pays more for her carpet. The natives, who dig the kauri gum out of the earth in New Zealand, pull off their first strike, and our varnish costs more. And so on, and so on.

Don't you believe for a minute that the American business man is blind to the novel and terrifying ramifications and interrelations of world trade today. Because he is alive to them is one reason for the fine reception the study of Europe's affairs got. The other reason was expressed in a letter from the associate editor of *Callers*.

"Of all the thousands of articles and reports which came out of Europe since the war, I have yet to find one as level-headed and intelligent as this of yours."

THE only sour note in the symphony we have heard so far is from Mr. Carl G. Krook, a lawyer, of Kingman, Arizona, who orders his subscription stopped, saying, "Any magazine, person or institution that initiates, assists in, or encourages independent investigation of foreign political problems or conditions, or takes sides in issues of foreign countries, does not inspire me with confidence, and I cannot help but consider such procedure as un-American."

THE big question mark constantly before each and every publisher, the Banquo's ghost of the profession, is "Do they read it?" Are my subscribers getting what they pay for? Figuratively, are my boarders satisfied with the bill of fare? Is it appetizing, palatable, nutritious, with just enough caviar and

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THE NATION'S BUSINESS

Vol. 9

No. 13

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

piquant sauce to make the diner forget the utilitarian phase of the meal?

No editor has ever found the answer conclusively. His readers won't tell him the truth if he asks them—they're too courteous. The percentage of those who sign up for another year at the boarding-house is a straw in the wind, but only that. Letters to the editor commending or finding fault, help. If only an editor could look his audience in the eye as he introduces his speakers, then watch, as each contributor speaks, those who lean forward in their seats—and those who reach for their hats! But that is denied him. The only thing to do is to develop more highly that editorial sixth sense which tells us what our particular audience wants to see and hear.

THE foregoing was inspired by a letter from an official of the Altoona Packing Company, cancelling a subscription because "most of your articles are published in the daily papers," which leads me to think that

perhaps back of this incident is evidence, circumstantial at least, of reader interest. Two thousand editors of daily newspapers seized upon the Ford story last month and passed it on to their customers. The press associations carried it on the wire. Fifty papers commented editorially. In lesser degree eight other articles were caught up by the press, as were Borah on the economic phases of disarmament, Du Pont on war doesn't pay the munition-maker, Cummins on enough law for the railroads and Baruch on can Germany pay?

A thousand fellow editors, then, have confirmed our sixth sense that these subjects, discussed by these men, are timely and valuable. And if of interest to the general reading public, of much greater interest to our audience of business men.

SPEAKING of Mr. Ford's railroad article, it ran the gamut from bitter censure to fulsome praise. "I shall not read a line written by this Jew-baiter," writes one of

What's Coming This Winter?

Money rates—up or down?

How about bonds—tax exempts and industrials?

What's ahead in the stock market?

Babson's Reports

Barometer letter—"The Winter Outlook," answers these questions and outlines coming developments in the investment world.

With this information you can see what's ahead and govern yourself accordingly.

Report on Request

This Barometer Letter and booklet—"Getting the Most from Your Money," will be sent to interested investors without charge. Clip out the Memo—now—and hand it to your secretary when you dictate the morning's mail.

Merely Ask for Bulletin No. M-41

Roger W. Babson's
Statistical Organization
Wellesley Hills, 82, Mass.

(Suburb of Boston)

The Largest Organization of Its Character
in the World

CUT OFF HERE

Memo For Your Secretary

Write Roger W. Babson, founder of the Babson Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me Bulletin No. M-41 and booklet—"Getting the Most from Your Money"—gratis.



our customers, while another—a retired railroad executive—called to say that Mr. Ford and THE NATION'S BUSINESS had made a distinct contribution to the transportation history of this decade. Thus may we see how the world wags.

THE strength of the sentiment behind the fight for a uniform ocean bill of lading is evident from the letters "to the editor" that comment on Mr. Haight's story in the November NATION'S BUSINESS—two hundred or more such letters from bankers, shippers, insurance men and associations, containing many pertinent observations on this heavy drawback to international trade.

"Any move whatever in the direction of uniform bills of lading would be highly desirable," declares G. A. O'Reilly, vice-president of the Irving National Bank of New York. "I see no hope for the uniform bill of lading unless through a very thorough campaign of education. The effort you are making through the columns of THE NATION'S BUSINESS clearly is a step in the right direction."

According to Wilbert Ward, assistant cashier of the National City Bank, New York, about the only uniformity to be found in these documents now "is a sort of uniformity of non-responsibility caused by the general adoption of clauses limiting their liability in various respects." He says:

Bankers, as a class, are perhaps not particularly interested in the exact point at which the division between the carrier's liability ceases and that of the insurance underwriter begins, but they are vitally interested in having whatever division of the obligation is made uniform throughout the world, so that when they receive an ocean bill of lading its exact meaning will be understood as clearly and simply as a railroad bill of lading.

American shippers take the same stand as the bankers. W. L. Clause, chairman of the Board of Directors, Pittsburgh Plate Glass Company, is "thoroughly in accord with the statements made by Mr. Haight and with the purpose of obtaining uniform ocean bills of lading, and also with the purpose of eliminating a lot of technicalities which now make it almost impossible to collect any claims."

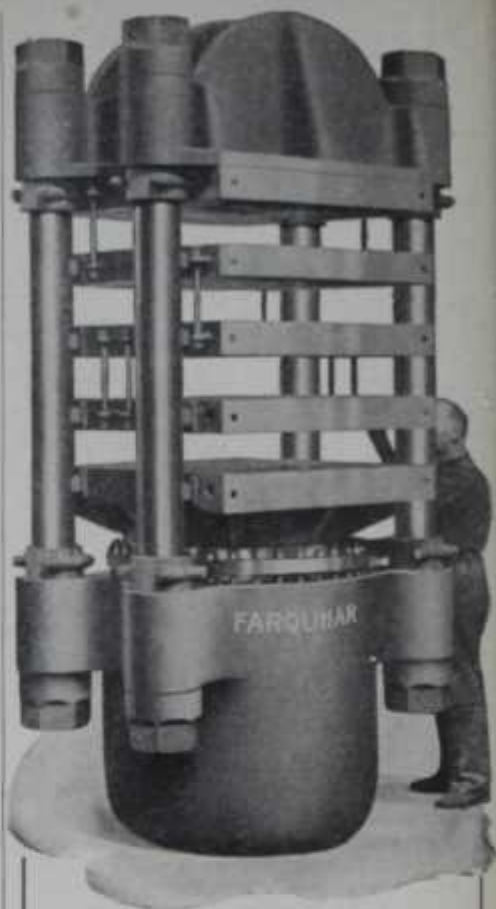
J. W. Craig, manager of the Atlantic Seaboard Flour Mills, Philadelphia, describes one of the annoyances that occurred to his concern under the present system. According to agreement with the buyers, a lot of flour was put on board a Shipping Board steamer the latter part of August, but "instead of sailing for its scheduled destination the vessel went to New York, stayed in New York the month of September, then came back to Philadelphia, completed her cargo and sailed around the fifth of October."

During this period the wheat market suffered an enormous decline, and our buyers abroad have had their purchases from us cancelled by their buyers because of their being unable to make delivery within a reasonable time.

Under the present bill of lading the ship is not bound to perform what we consider a reasonable service, for they claim the right to sail when they please regardless of schedule and stop at innumerable ports before reaching its scheduled destination.

Troubles of the shipper are further described by William H. Knox, of William H. Knox and Company, Incorporated, New York. He declares:

A bill of lading showing delivery on board of designated steamer is seldom if ever obtainable in these days, for a recent New York Court State Ruling does not permit of steam-



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A. B. FARQUHAR CO., Ltd.

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York, Pa.

ship agents issuing such bills of lading unless designated steamer is actually in loading port or at loading dock. As a consequence, bills of lading are issued as showing receipt of cargo for shipment by designated vessel or other vessel as may be substituted by steamship agents, and our courts have held that such receipt does not show proper delivery on a contract calling for definite shipment!

On the other hand, S. D. McComb, manager of the Maritime Office of America, New York, writes that it would be a mistake to agree to the Hague rules. He says:

In fear of being compelled to assume the liability imposed on shipowners trading to the United States, foreign shipowners got together and voluntarily drew up the Hague Rules for 1921, under which they agreed to assume some liability. These rules represent a distinct advance over the customs obtaining abroad, but are a long way short of complying with the intent of the Harter Act. It would be a mistake to agree to the Hague Rules.

In similar vein, William H. McGee & Co. say "The recently adopted Hague Rules are partly good, but even they deny cargo owners rights which are imperative for the safety of their business."

So many letters were received that we cannot quote all of them. Here are some of the companies whose officials have written us in favor of the adoption of the uniform ocean bill of lading: Central Leather Co., New York; Merchants Loan & Trust Co., Chicago; Elliott-Fisher Co., Harrisburg; J. I. Case Threshing Machine Co., Racine, Wis.; Guaranty Trust Co., New York; United American Lines, New York; Bush, Beach & Gent, Inc., New York; Atlantic Seaboard Flour Mills, Philadelphia; William H. Knox & Co., New York; Carter's Ink Co., Boston; American Multigraph Sales Co., Cleveland; Barber Asphalt Paving Co., Philadelphia; Atlantic Mutual Insurance Co., New York; Bridgeport Brass Co., Bridgeport; California Barrel Co., San Francisco; Lamborn & Co., New York; Bankers Trust Co., New York; Appleton & Cox, Inc., New York; Boston Wool Trade Association, Boston; Dutilh-Smith McMillan Co., Inc., New York; National Export Advertising Service, New York; H. K. Mulford Co., Philadelphia, Pa.; William Wrigley Jr. Co., Chicago; S. S. White Dental Mfg. Co., Philadelphia; Felt & Tarrant Mfg. Co., Chicago.

CHARLES S. HATHAWAY, a newspaper man of Redfield, Michigan, writes: "Permit me to offer the suggestion that each organized unit of the Chamber of Commerce of the United States endeavor, each in its own bailiwick, to secure the copying in full, in their leading local papers or magazines, of *Silas Bent's 'Modern Problems? They're Old,'* in the September number of *THE NATION'S BUSINESS*."

WE DID not know that our text columns had so much advertising value, but a letter from Albert Pick, Chicago's manufacturer of restaurant equipment, has convinced us that *THE NATION'S BUSINESS* is read for profit as well as pleasure. He says:

"I learned from your humorous feature, 'Looking in on Congress,' in a recent number, that the restaurant in the Capital needed modernizing and on the strength of the tip sold the Government a complete new outfit."

No doubt he will wish he were manufacturing modern railroad equipment when he reads what Mr. Ford has to say in the November number about the condition of the railroads.

M.T.



Now 5 days less to South America

NOW, as never before, conditions point to an expansion of trade with South America. Now, as never before, success or failure may hinge on personal knowledge of South American conditions, personal acquaintance with South American merchants.

Now, for the first time, the busy business man can afford to get this personal knowledge, personal acquaintance. United States Government ships have cut 5 days from the voyage from New York to Rio de Janeiro alone. They have surpassed all records for speed, just as they have set a new standard for comfort in travel to Rio de Janeiro, Montevideo, and Buenos Aires.

For the first time the American Business Man can know that he will get to South America in record time, and return with equal dispatch. Now is the time for a flying trip—a delightful voyage away from Winter, new sights, new experiences and—future profits.

The Munson Steamship Lines

The Munson Steamship Lines, experts for nearly 50 years, operate these ships. Their trained employees wait to serve you. Food is the finest. It is prepared by chefs who know how to cook for Americans.

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S. S. HURON	1st, 2nd and 3rd Class Dec. 22
S. S. AMERICAN LEGION	Now, 1st and 2nd Class Jan. 5
S. S. SOUTHERN CROSS	Now, 1st and 2nd Class Jan. 19

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Washington, D. C.

INFORMATION BLANK

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Information Desk 2119
Washington, D. C.

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I am considering a trip to South America, Europe, The Orient. I have definitely decided to go, uncertain, merely a possibility.

If I go it will be about _____
Planning to go alone with wife children with other adults.

My Name _____

My Street No. or R. F. D. _____

Time _____ State _____



Brownhoist Cranes Help Build New Cadillac Plant

In building the new modern plant where Cadillac Motor Cars are now made, six Brownhoist Cranes aided in speeding up construction immeasurably.

These cranes helped push construction all the time. Working with buckets, they moved gravel, sand and coal. Working with bottom block they sped-up the handling of forms and girders.

On any job where speed and handling costs are factors, Brownhoist Cranes give definite evidence of their ability, speed and sturdy strength.

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M A T E R I A L H A N D L I N G M A C H I N E R Y

THE NATION'S BUSINESS

A Magazine for Business Men

VOLUME 9, NUMBER 13

DECEMBER, 1921

Afterthoughts of a Trust Buster

A man who prosecuted business under the Sherman Act declares that the anti-trust laws ought to be amended in the interest of the public

By FRANK K. NEBEKER

Former Assistant to the U. S. Attorney General in Charge of Anti-trust Matters

THE Sherman Anti-trust Act has been in force and effect for more than a quarter of a century. In the meantime great changes have taken place in the conditions to which it was intended to apply. It is in no spirit of criticism of the act that I venture to suggest that it is now in need of amendment.

To attempt to apply its provisions to present-day conditions is like putting "new wine into old bottles." Ever since it was enacted this legislation has been the subject of criticism. The popular notion is that it has signally failed to accomplish the results anticipated by those who were instrumental in its enactment. Some critics assert that its failure to come up to expectations has been due to its inherent defects, and some charge that laxity in its enforcement has been the chief cause of disappointment.

I am among those who believe that the Sherman Act was a wise piece of legislation and that it was well designed to cope with the conditions which prevailed at the time it was adopted. It will be remembered that, during the decade immediately preceding the adoption of the act, the trust movement in trade and industry in this country had gained great momentum. Small enterprises were being menaced on every hand, individual initiative repressed, and the competitive theory of industry almost entirely ignored.

The passage of the act and subsequent efforts to enforce it at least had the effect of focusing the attention of the public on the industrial tendencies of the time and of causing business men with vision to see the necessity of restoring competitive conditions. The voluntary recognition of the beneficial purposes of the act by a large proportion of the leaders of industry is an important factor to be considered in appraising its merits. The prevailing view seems to be that the act should be so amended as to increase the number of its prohibitions and to render them more drastic in their application.

I do not agree with this view. On the contrary, it is my belief that the act would be greatly improved if so amended as to

Amend the Sherman Act!

THIS STORY could almost be called "The Confessions of a Trust Buster." It presents the views of one whose knowledge of the Sherman Act comes from having prosecuted cases under it in behalf of the United States Attorney General.

Under the preceding administration Mr. Nebeker had charge of all anti-trust activities of the Department of Justice. He appeared for the Government in anti-trust prosecutions against the Reading Railroad, the Lehigh, the Eastman Kodak Company and the packers. He was much in the public eye when he secured the conviction of "Big Bill" Haywood and other I. W. W. leaders—but, as Kipling would say, that is another story.

The discussion of restrictions against combinations is so widespread these days that Mr. Nebeker's thorough cross-examination of the present laws should be of double interest to our readers.

THE EDITOR.

the entire situation is considered.

This and other apparent defects of a similar nature could be eliminated by an amendment to the effect that agreements and combinations in restraint of trade are prohibited only when found to be detrimental to the public interest after all factors are given due consideration.

It is interesting to note in this connection that by process of judicial construction the English courts have adopted the qualification referred to in applying the principles of the common law relating to agreements and combinations which affect trade. In dealing with such business agencies as trade associations, for instance, the English courts are better able than our own to inquire into the relative merits of cooperative effort as compared with unqualified competition. I might say in passing that this is of no slight importance, in view of the fact that trade associations have become powerful factors in all of the countries with which we must compete in order to hold our own in the markets of the world.

The difference between the views of the English courts and those of our own courts is forcibly illustrated by a decision rendered in England some years ago in the *Mogul Steamship Company* case, in which a number of shipping companies, engaged in transporting tea between China and England, entered into an agreement to give rebates to all shippers who would patronize those companies exclusively.

The avowed purpose of the combination was to secure all of this line of business to the exclusion of all outside companies. The plaintiff in the suit was an independent shipping company which desired to secure cargoes of tea for its transports but was unable to do so because of the obstacles interposed by the combination. The English judge who passed on the case in the first instance made reference in his opinion to the contention that there were "real and large benefits accruing to the inhabitants of China and England from the course pursued" by the defendants, and added, "I think there is ground for the contention and it should be

permit the courts, in applying it to concrete cases, to give broader scope in their consideration of fundamental economic principles. As a result of considerable experience in connection with the enforcement of the act, I am of the opinion that the courts have adopted criteria as the basis of their decrees in cases arising under its provisions which do not take into consideration all of the essential economic elements involved.

For example, if in a given case the court finds that an agreement or combination between competitors has actually resulted in direct restraint of trade, that ends the matter, and judgment against the defendant follows as a matter of course. The fact may be that, although the agreement or combination does restrain trade in a given particular, and with respect to a certain phase of public interest, its effect, nevertheless, may be to stimulate trade in other directions to such an extent as to be greatly beneficial to the public interest when

kept in mind." The case was decided in favor of the defendants and affirmed on appeal.

Although the Sherman Act is quite generally supposed to be founded on the common law of England, it is apparent from this decision that there is a wide difference between this statute as construed by our courts and the common law relating to restraints of trade as applied by the courts of England.

Australia Has Tried It

IF THE Sherman Act were amended in the manner I have suggested, it would be quite similar to a statute that has been in force and effect in Australia for a number of years. The Australian statute provides that agreements or combinations in relation to trade or commerce are unlawful if entered into "with intent to restrain trade or commerce to the detriment of the public." The significance of this latter clause can best be illustrated by referring to a leading case which arose under the provisions of the act and which, because of its importance, was finally carried to the Privy Council in England.

The principal question of law involved in the case was as to the meaning of the words "detriment to the public." The defendants consisted of about forty coal mine operators, whose mines were located in New South Wales, and four shipping companies. These defendants entered into an agreement in which the operators bound themselves to limit their production of coal to a specific quantity and to sell their entire output to the four shipping companies at a stipulated price, the shipping companies to resell the coal at a price which was also agreed upon.

It was earnestly contended in behalf of the Attorney General for the Commonwealth, who was the plaintiff in the case, that the combination resulted in *detriment* in regard to the price of coal and on account of arbitrary discrimination in prices; also, that the elimination of competition was the main purpose of the combination. This contention was upheld by the trial court, but its decision was reversed by the Australian High Court, whose decision was in turn affirmed by the Privy Council. The appellate courts gave exhaustive consideration to the various interests involved, such as those of the miners, the operators, and the consumers of coal, and the conclusion was reached by both that the mere fact that the combination was apparently detrimental to one class of interests, say to consumers, was not conclusive on the question as to whether it was detrimental to the public as a whole.

Whether these cases were or were not decided right is not the question with which we are now concerned. The significant thing is that the courts which decided them felt at liberty to survey the entire situation for the purpose of determining whether public interests were on the whole benefited or injured by the combinations under consideration.

It must not be supposed that under the so-called "rule of reason" our courts would regard it as being within their power to consider all the economic aspects of a case as was done by the English courts in the cases referred to. It is undoubtedly the prevailing judicial view in this country that it is not within the province of a court to

inquire whether the effect of an agreement is detrimental to public interest or otherwise. As stated by the Circuit Court of Appeals in a case under the Sherman Act brought by the Government against the Chesapeake and Ohio Fuel Company:

"The courts are not concerned with the policy of such a law. It is not for them to inquire whether it be true, as is often alleged, that this is a mistaken public policy, and combinations, in the reduction of the cost of production, cheapened transportation, and lowered cost to the consumer, have been productive of more good than evil to the public...."

And it is argued that the main purpose of this agreement being to increase the trade of the parties, to enhance competition in a larger field, and improve the character of the product, these objects are beneficial to the public as well as to the private parties, lawful in their scope and purpose, and justifying the indirect and partial restraint of trade involved in the execution of the agreement.... Wider markets and more trade may be the inducements to such agreements, but they are purposes which the Act of Congress does not permit to interfere with the freedom of interstate traffic....

If, therefore, an agreement, for instance, to curtail output is entered into by competing manufacturers, they would be liable under the statute, although it might be perfectly obvious that not to do so would be prejudicial to the public interest and disastrous to the industry. The same thing may be said of agreements to apportion output, divide territory, and many others. All manufacturers are familiar with what is called a "runaway market" and generally agree that such a condition is undesirable. From the standpoint of the consumer the rapidly mounting prices characteristic of such a market are an unmitigated evil, and yet, if the manufacturers were to combine to stabilize the price at a reasonable and fair level, their name would be anathema. During the period of inflation through which we have recently passed prices generally reached levels which exceeded all bounds of reason.

Charles E. Hughes Says—

I HOPE that the days devoted to the application of the uncertainties of such statutes as the Sherman Act are numbered. May we not look for a better appreciation and a more precise definition of wrongs. What an absurdity it is to find that the very cooperation which the nation finds necessary for its own economic salvation under the strain of war is denounced as a crime in time of peace! Let our legislatures free our statute books of cant.

Let us give honest business, fair and reasonable cooperation, fair and reasonable organization whether of business or of labor, a broad field and permit the enjoyment of the essential conditions of efficiency in the coming days of peace in the interest of the common prosperity. May we hope that through this war we may learn how to regulate and not destroy, how to open the door to American enterprise here and abroad under rules of public protection which can be known in advance and which reason can approve."

From an address made by Charles Evans Hughes, now Secretary of State, before the New York State Bar Association on January 11, 1918.

In justice it should be said that in some of the industries where these conditions prevailed bona fide attempts were made by the beneficiaries to procure government sanction of agreements to stabilize prices at greatly reduced levels, but it was found that no such sanction could be procured, because none could be lawfully given.

To mention only one of a number of instances in point: During the period of inflated prices after the armistice, rate advances were made in the price of all grades of lumber. For instance, lumber which sold at about \$35 per thousand, including a substantial profit to the manufacturer, rapidly advanced to \$60 per thousand and even more. It was an illustration of a "runaway market."

Unlawful To Protect the Buyer!

CERTAIN lumber manufacturers undertook to procure the Government's consent to an agreement between the producers of this commodity which would have the effect of stabilizing the price at \$35 per thousand. They found, of course, that such an agreement would be contrary to the Sherman Act, and the plan was abandoned. Within a very short time thereafter the price of this grade advanced to \$50 per thousand with an abnormal demand still in prospect. Manifestly, an agreement of the kind suggested would have been beneficial under the circumstances mentioned. Indeed, it is not improbable that if agreements of this character could have been lawfully entered into during the period which immediately followed the armistice, the business men of the country would have preferred to enter into combinations for the purpose of stabilizing prices which were reasonable rather than to suffer the results of the reaction which all far-seeing business men knew were bound to follow. During the war, many agreements of this kind were entered into voluntarily and thereby prices of war supplies were maintained at a much lower level than would otherwise have been the case.

Of course I do not mean to infer that all agreements for the alleged purpose of stabilizing prices would be, as a matter of law, sanctioned by the amendment I have suggested. No doubt, in many if not in most instances, combinations so formed would have for their purpose the securing of higher prices than would result from the free operation of the law of supply and demand, and these certainly would in most instances be detrimental to the public interest, and, therefore, unlawful.

It may be thought that the foregoing suggestions unduly subordinate individual rights to the interests of the public, but the sufficient answer is that in determining what the public interest may be in a given situation, individual rights under our theory of government must always be sedulously protected.

There are increasing indications that business is waking to the need of wider powers of cooperation. The American Mining Congress at its October convention urged an amendment to the Sherman Act to permit the collection and distribution of current statistics of stocks, production and demand.

The Engineering Council Report on Waste said that stabilization in seasonal industries could only be accomplished by cooperation, forbidden under the present laws.

Disarmament and My Business

Fear of war retards commerce and calls for heavy taxation to pay for "preparedness"—The adoption of the Hughes plan would be felt throughout our industries

By E. A. FILENE

President of William Filene's Sons Company, Boston

IT HAS fallen to my lot to think and write a good deal about the related problems of armaments and business. But I have dwelt on them in their mass effect, in their bearing on mankind, in their larger aspects. The editor of *The Nation's Business* has asked me to discuss them selfishly. He has asked me to tell what I, as a Boston merchant, may hope the Washington conference will do for our business and our customers. He thinks (and he is right) that what is true of our business is true of others. He thinks all businesses have a common interest in the proceedings and the outcome of the conference.

The first large benefit we may hope for is the restoration of tranquillity. To my way of thinking the lack of confidence, due directly to the fear of war, is the chief reason for the world's business stagnation. During three study trips to Europe since the armistice, one of them recently concluded, this conviction has been borne in upon me afresh with every day. It is the fear of war which plunges European countries into enterprises essentially uneconomic and therefore costly, which prevents their normal consumption of our goods, which paralyzes our factories and mills and mines, which throws out of employment four million of our workers.

It is this fear which prevents the American business man, even when he has not been wholly crippled, from putting forth his largest endeavor, and thus by indirection puts a tax upon the consumer of his products. We have a billion dollars in gold which should be at work. It is afraid to be useful.

War itself is uneconomic to the last extreme. The segregation of man power in navies and standing armies, instead of its employment in useful production; the manufacture of cannon and the construction of battleships; the encouragement of industries not because they promise a profit but because they may be needed in the crisis of war; these things are all essentially uneconomic, and by the very fact of being they put a burden on the public not to be measured in dollars and cents appropriated for the maintenance of military establishments—a burden too great to be borne.

This is not to say, however, that the matter



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The "Maryland," which heads the list of battleships to be retained under the administration's disarmament plan. Her cost was only \$25,000,000. But future ones will come as high as \$40,000,000

of military costs is not important. It is important. Our national income is estimated at sixty billions of dollars. Our national taxes are four billions, and state taxes amount to two or three billions more. Here are seven or eight billions charged against our national income for the maintenance of government on a war basis.

Let us see how our preparedness for war increases at one stroke our taxation and our fear of the thing we are preparing against. We are on an offensive basis today. Five years ago we had on hand an equipment to put an army of half a million men into the field. Today we have about a quarter of a million under arms, and we are ready on an

instant's notice to put two millions into the field. This is not defensive, but offensive. The rest of the world is on much the same basis. The tale is told in taxes. And the effect is felt in increasing anxiety lest these nations, armed to the teeth, with nerves on edge from the ordeal through which they have just passed, begin shooting.

Mr. Hughes has proposed such a reduction in naval armaments as would be reflected straightway in the budgets of this country, Great Britain and Japan. If the plan is carried out, it will help to relieve the tax burdens under which the business men in these three countries are groaning. But it will do more than that, because it will spread broadcast a belief that, by the very act of accepting a ten-year naval holiday, the great nations have declared their confident expectation that it is possible to lay the foundation of lasting peace.

The debate about limitation of armament is to be thrashed out concurrently, it appears, with the discussion of Far Eastern questions. No better evidence is needed of the close relation between the two. The Far Eastern question is basically the question of the open door for the business of all nations. It is clear, then, that there must be an understanding regarding business conduct in the Orient which will be found compatible with peace.

It does not seem to me improbable that the conference may reach a written agreement, signed by all the powers interested, including China, for equality of commercial opportunity in Pacific waters, couched in terms so specific that no doubt can arise concerning their meaning. All the nations represented at the conference have subscribed more than once to the Open-door policy. All of them are on record as favoring a free field for business enterprise in the Far East. How, then, can they refuse to pledge themselves against railroad rebating to favored nationals, against closing docks and wharves against any trader's goods? How can they continue to throw obstacles in the way of commercial intercourse? How can they hesitate when this question is put up to them: Will you

guarantee open ports and open railroads and open building sites for business?

It is not beyond the range of possibility that the conference may reach an agreement regarding tariff autonomy for China, and perhaps regarding the abolishment of extraterritoriality, either now or at some definite date in the future. These are matters in which I do not feel so vital a concern as related to my business, however much I may sympathize with China's just aspirations. I feel that the American delegation is prepared to see that China gets a fair deal, and I know nothing to the contrary of the other delegations.

But I cannot see how the agreements regarding the Far East and the limitation of armaments can be put into continuing effect without the formation of an association of nations, such as President Harding has so often spoken of, and a permanent mechanism through which to make known its purposes and judgment. This is necessary to determine whether the agreements made at the Washington conference are being carried out. If complaint is made that any nation is transgressing the treaty, a commission can make inquiry and publish its findings; or the matter might be referred to the World Court, already in existence, largely through American initiative. I am confident that publicity will

work a cure for most offenses. If the offenders persist, there should be authority to recommend some form of economic reprisal.

The approach to the settlement of Far Eastern questions through international agreements to preserve the peace is a big step forward. That step having been taken, the European situation requires immediate handling if my business is to experience the best conditions for prosperity. Even if the Far Eastern agreements were successful in the preservation of peace, war in Europe would more than nullify the advantage thus gained. It would be no comfort to us or to Europe, if a desperate fight were in progress, to know that the Far East was tranquil. No hosannas were sung when the fate of Verdun hung in the balance because Peking was safe. As a matter of fact, the reasons which made the present conference necessary are in existence today in regard to Europe.

Moreover, the fear of war which prompted the injection of the Far Eastern question into this conference exists in Europe. France is afraid of the economic recovery of Germany, on which depend her reparation payments, on which, in turn, her own financial recovery largely depends. She needs her share of the German indemnity, but she is determined that Germany shall not have the power to attack her again.

It is my earnest belief that the Washington conference is the wisest and most practical approach toward a remedy for these conditions. An international agreement for peaceful conduct in the Far East may well prove a stepping stone toward a guaranty of peace in Europe, and I am hopeful that this will be the result. Our customers, I may say, are more directly interested in the European than in the Far Eastern situation. They will grow in numbers and in purchasing power as our exports in Europe mount in volume. If the conference does not accomplish something effective in this direction, it will be unsatisfactory.

The first effect of such an outcome as I hope for would be to start the wheels moving throughout the world. It would galvanize manufacturers into consciousness that there was a vacuum capable of taking up the slack in their output, of keeping their men at work the year round. And American business would be first to "come back." The huge buying Europe must do must be done on credit, and only the United States could supply the credit, with Japan as a possible second supply. The bases of credit are already existent in Europe, and we need only be assured that capital and interest are safe against the outbreak of another great war.

What's Your Label Worth?

Interesting instances that show why so much thought is given to the cut, the color and the type that you buy on your shaving cream tube or your package of rolled oats

By WARREN BISHOP

WHO READS a label, anyhow?"

A committee of the House of Representatives took official notice of that question some time ago and got some interesting information in its search for an answer.

It was this way: Mr. Voigt of Wisconsin had a bill to prevent the interstate shipment of "filled milk," milk that is made of a mixture of skimmed milk and coconut oil. "If it is set before you on the table you cannot tell the difference between that article and ordinary condensed or evaporated milk," explained the author of the bill.

The backers of the bill contend that it masquerades as milk; that it is used as a baby food when it lacks necessary vitamins, and that in general it has become "a menace to the milk supply of the country."

The makers of the product retort that it is wholesome, is never sold as "milk" but by some other trade name, that the label explicitly says what the can contains, and that so far from recommending it as a baby food the can says "not to be used for infants in place of milk."

To which, in effect, the proponents of the bill retort: "But nobody reads a label."

Does nobody read a label? If you could hear the tale of woe of a man who had let slip an error in a label, you'd think no one read anything else.

In defense of the contention that folks do read labels, John Sullivan, secretary of the Association of National Advertisers, told a story to the House Committee on Agriculture which had before it the Voigt Bill. When I first read the story I found it hard to believe. I tried it on a number of persons, and they frankly disbelieved it. But it was told before

a committee of Congress and it can be proved by documents. Here it is in Mr. Sullivan's own words:

"Just to show you how very quick the public is to notice points in advertising, let me instance the case of the Palmolive Company. The Palmolive Company got out a very large poster. There is a picture of a child, and the mother, and the mother is bending over the child. The artist made a mistake in the picture, and the Palmolive Company has received thousands and thousands of letters calling attention to the fact that the mother has no wedding ring on her finger."

A tall story that, yet one of the best-known advertising agents in New York heard it without a sign of doubt.

"I don't doubt it," said he. "Let me tell you of an experience which my house had with an advertisement of a Scotch whiskey in the days when that legally damned product could be advertised. We used a picture in periodical advertising and on billboards showing a man in the full dress of a nineteenth-century Scotchman sitting at a table with a bottle, while from the walls of the room his ancestors for some generations were stepping from their picture frames to reach for the bottle."

"They were all supposed to wear the same plaid—call it the Gordon. It wasn't, but that will do. We made a big drive by putting the picture on the biggest blank wall we could find on the busiest corner of New York that we could get hold of."

"All the sign painter knew about Scotland came in a bottle, and he got the tartan wrong. I don't know just what the error was, but it must have been something

approaching blasphemy to a good Scotchman.

"You wouldn't think there were half a dozen persons in New York that would be shocked by an error in a kilt, would you? There are, and then some. We got word of our sins by telephone, by letter, and by personal visit. Scottish societies adopted resolutions and sent delegations to see us. I don't know that they played it on the bagpipes to us, but if they didn't it was an oversight."

"We fixed it all right. We had the sign plaid made right and over the scaffold of the painters we put a sign that said in effect:

"We know the tartan is wrong, and we're going to set it right as soon as we can."

"But it took two weeks to do it. We saw to that."

Sometimes even the advertiser is doubtful about whether the matter his advertising forces get out is read or not. There is the manufacturer of a food drink who was convinced in an unexpected way. He had advertised, but skeptically. His investigators found that a small—a very small—amount of salt added to the article while it was being boiled greatly improved it. They advertised this fact in the United States and in Canada. The latter's tariff law made it expensive to ship the plates across the border, and the advertising matter was reset over there.

Somehow a teaspoonful became a tablespoonful or a quarter became a half, and the Canadian buyer got a cooking tip which was calculated to make a mess of the brew. And whatever doubt the advertiser may have had about advertisements being read disappeared when the kicks began to come in. It seemed for a time as if the entire population of Canada had been over-salted and hastened

to say so. The advertiser saw a new light.

A valued possession then, is a label, a trade-mark, an advertising phrase, or in fact any piece of printed matter set out to stimulate and keep up public interest or to fix an article in the public mind.

How valuable is it? Putting a price on good will and reputation is a speculative game. Think over half a dozen trade-marks or labels that you can quickly call to mind. How much would it cost to remake them? Suppose our old friend John Smith bought overnight the Gillette razor and the Ingersoll watch and decided to sell them as the Smith razor and the Smith watch, with a new style of box and labeling.

Those are questions that can't be answered, but someone told a congressional committee that he believed the name Ivory Soap to be worth \$5,000,000.

There is enough value in a label to make a producer or a distributor very slow to change a mark that is once established.

Russell B. Kingman, president of Purity Cross, Inc., in an address at a canners' convention early this year, told this story:

"Some years ago I was called into consultation by a company packing a general line, established in the eighties. Many were their brands. Their leading brand had no consumer appeal. They had lived with it so long, however, that to change it seemed to them utterly impossible. The first year we printed the new brand in small type in parentheses under the old, and incidentally featured the new, trade-mark. The next year we printed the new brand and trade-mark as the main feature, the old in parentheses. And the third year we featured the new brand and trade-mark only, without losing a single customer."

Some time ago Mr. Edison propounded a list of questions which were the basis of many newspaper articles, serious and flippant. Someone put out a burlesque list and this was one question:

"Why do famous makers of cough drops wear whiskers?"

How many people missed the point? Is there any wonder that the Smith Brothers dare not change their label lest their sales suffer, although, as an advertising expert describes it, the label "is ugly, is old-fashioned, and could probably be greatly improved."

The law reports are full of decisions which show how great is the value attached to a label. The owners of such marks as "B. V. D." or the "Aunt Jemima" of the pancake flour are constantly called upon to protect them, and in some cases the courts go very far to protect the maker and, incidentally, the consumer.

Consider Aunt Jemima, the grinning negress, with bandanna on head and shoulder, who decorates a familiar brand of pancake flour. Few would hail her as a work of art, yet many a gallant knight-at-law armed with summons and writ has gone forth to do battle for her safety.

One case shows how far the courts will go to protect the valuable label. The protesting company's label was thus described:

The words "Aunt Jemima," having beneath the bust picture of a full-faced smiling negress with a handkerchief wrapped about her head and shoulders.

The trademark objected to was made like this:



The word "Sambo," having underneath the representation of a full-faced, clean-shaven smiling negress having a white cap on his head and wearing a long apron, bearing in one hand a plate of smoking cakes and in the other hand a cake turner.

"Aunt Jemima" and "Sambo"; female and male; bust and three-quarter length. The resemblance doesn't seem close, yet the court thought it enough, saying:

The property right in trade marks is a valuable one and is entitled to protection from those who would profit by its limitation, and the courts should resolve the doubt, if any exists, in favor of the prior registrant.

So far do the courts go in protecting the valuable property right in a trade mark that they will not allow an imitation of a trade name or picture even where the goods are entirely different. A manufacturer may not make a Kodak bicycle, while the maker of "Keepclean" hairbrushes, even though he does not make toothbrushes himself, may prevent another man from making them under the name "Sta-Kleen." And the courts have held that while it is an accepted fact that "Uneeda Biscuit," it does not follow that "Iwanta Biscuit." At least if I do want it I can't say so in that form and on a box suggesting the Uneeda package.

What makes a label valuable? What kind of a label will sink into the public mind? Answering that question has consumed much thought and much ink. And perhaps there isn't any answer. "The psychology of consumer preference" is the title under which the subject is sometimes discussed. One man was helped in marketing a new cigarette by going to the extreme of simplicity. His rivals

were selling cigarettes in gay boxes with harem scenes, and Arabic quotations and ship of the desert. He designed a box in white. Even the name of the brand and the box were embossed in white. The only relief was a thin border of gold. And his cigarette stirred a number of buyers who were attracted by the appeal of dignity.

Makers of foodstuffs find sometimes that there is no appeal so effective as that to appetite. A grape juice manufacturer experimented a long while before he decided that there was no brand with so much drawing power for his purpose as a bunch of grapes.

Another, who turns out a product used in cooking but not eatable as it is sold, wanted his stuff to catch the buyer's eye in the face of rivals who seem to have preempted most designs and colors. He finally decided on a package that was cream white with an inch wide bright red band running all the way around about half an inch from the top. Below was white with very little printing. When half a dozen of the boxes were put on a shelf there was a white background with a broad red stripe that commanded attention.

On the whole the modern tendency is toward simplicity in labels. One adviser gives these as suggestions in choosing a label:

The label should be designed and the brand name selected with the buyer in mind.

The brand name should be short and both the brand name and the label should be simple.

The label and brand name should be distinctive.

The label should suggest the contents of the package.

The psychology of consumer preference seems too frightful a title for such simple rules as these. It goes better, perhaps, with this description of how a cough drop label was chosen:

A cough drop is purchased by a person with a cough.

A cough is usually produced by a cold. A cold, as the name implies, is a feeling of a lack of heat or warmth.

Consequently, the prospective buyer of cough drops would be attracted to anything warm, which, of course, would include the warmest of all colors, which is red, and would be repelled by anything in color suggestive of the cold; therefore, the use of white, suggestive of snow, frost, etc., would be instinctively repellent to him.

A new label was designed in which red, white, green and gold were used. Not a startling combination as far as originality is concerned, but one in which there was a reason for each color used: the red for its attractive value and also for its effect in producing a feeling of warmth; the white through comparison with the red, strengthening the red and indicating that the red or warmth dominating would drive away eventually the white or cold which produced the cough; the green, outside of being complementary to the red, suggested the fresh, mild, balmy days of spring; the gold, to add money value to the package and to harmonize with the green from a color point of view.

That may seem an intricate search into the byways of consumer preference, but it shows the amount of thought that is devoted to the subject. Here, by way of contrast, is a rule that sums up one expert's impressions:

"One simple color, a great deal of white space, the name of the product and its manufacturer or trade name proper."



Ford Is Right—and Wrong

He has done things with the D., T. & I. that could not be done with any independent line, but nevertheless there should be no objection to his conducting a laboratory in elementary railroading

By WALKER D. HINES

Former Director General of Railroads and Former Chairman of the Board, Santa Fe Railroad

HENRY FORD'S attitude on railroad problems, as set forth in the November NATION'S BUSINESS, appeals strongly to the American people. His face is turned towards the future, and he confidently proposes reforms which are in the public interest. He has the courage of his convictions, and he does things instead of merely talking about them.

But the beguiling charm of his genius makes it all the more important to weigh with care his criticisms and proposals. It is particularly important to appraise at their true value his achievements on the D., T. & I. Railroad, because it is those achievements which have given him, in the popular estimation, a certain authority to speak on railroad matters.

At present we have the results of only six months of Mr. Ford's management of the D., T. & I., the months of March to August of the present year. It is impossible to formulate with certainty conclusions of controlling value from the six months' operation of any railroad, but as to Mr. Ford's railroad, the one thing about which we can be certain is that his small railroad has become an adjunct to his big motor plants, and that this has completely changed the railroad's earning capacity and has put it in a class entirely apart from railroads in general in this country.

What Ford Ownership Meant

A FAVORABLE earning capacity for a railroad depends, of course, on its costs, but even before that it depends on an adequate volume of business that pays a satisfactory revenue and admits of being handled under favorable operating conditions. It is in these respects that Mr. Ford has wrought the one certain metamorphosis in the character of the D., T. & I., and he has done it simply because he has turned over to it the great and steady traffic to and from his factories. In addition to a large inbound movement, his plants give the D., T. & I. probably more than 5,000 cars of high-class outbound traffic per month—a traffic that earns an unusually good revenue and that has the rare advantage of being received, handled and delivered in solid trainload lots, so as to minimize the heavy costs of terminal handling and so as to get the maximum service out of the train—and all this over the northern part of the railroad, which is understood to have the best operating conditions.

Mr. Ford denies that this change is important, because he says the railroad had an even greater tonnage in the past. But he strangely overlooks the fact that the tonnage in the past earned a much smaller rate and could not be handled from origin to destination on the Detroit, Toledo and Ironton in solid trainload lots.

The following comparison of the months from March to July, 1920 and 1921 (August, 1921, not yet being available as to all these factors), will serve to illustrate the much greater revenue derived from the

smaller tonnage which the railroad has been obtaining this year:

	Revenue ton-miles		Freight revenue		Revenue per ton-mile	
	1920	1921	1920	1921	1920	1921
March.....	38,916,414	22,321,995	372,561	415,736	.00950	.01830
April.....	42,218,433	31,680,341	237,128	674,692	.00600	.02131
May.....	43,073,879	42,090,654	266,349	721,562	.00810	.01710
June.....	42,702,109	38,589,439	267,276	686,585	.00860	.01778
July.....	51,600,360	38,217,145	383,781	723,634	.00716	.01893

In the past the traffic of the D., T. & I. has appeared to be peculiarly lacking in all good points, but over-night it finds itself blessed with a large additional traffic of extraordinary desirability which more than offsets the diminution in tonnage which the D., T. & I. in common with all other railroads, has suffered during the present long and serious slump in business.

By purchasing this railroad Mr. Ford has done what was the equivalent of bringing practically every competing railroad system in the country to the door of his factory, and that is an advantage which no competing manufacturing plant enjoys. What he can do through this means in getting for his railroad increased divisions of through rates remains yet to be ascertained, because it is not at present known, but the impression prevails that he has secured increased divisions. A shipper who does not own a railroad must pay the published tariff rate which is known to his competitors, and he cannot lawfully get any concession from the carriers. But when he owns his own railroad he can get in the shape of an increase in the division received by his railroad out of the through rate a concession which is not published in the tariffs or reported, unless in exceptional cases, to the Interstate Commerce Commission. Certainly there is a tremendous inducement for especially large divisions when the shipper can offer to a large number of competing railroads the tempting bait of high-class traffic in trainload lots at regular intervals.

There are probably other advantages for his railroad growing out of his position as a shipper. For example, it would be strange if Mr. Ford could not force his connections to take his desirable traffic at such hours in the day or night as to save his railroad (and as to put on the connecting railroad) the succeeding day's rental or per diem of \$1 per day per freight car. Likewise he is apparently able to force his connections to supply him special service by accepting his traffic from his railroad within a few minutes after they receive it.

The fact that under such circumstances the railroad has turned long-standing adversity into a certain measure of prosperity is the most natural thing in the world, and in itself proves nothing whatever for the Ford railroad policies, which are too new to admit of measuring their economic value—and indeed some of the most important and interesting of these policies did not become effective until the very end of the six-months period, which is all we have to examine, and even now some of them are still entirely in the realm of discussion.

Mr. Ford states that he has speeded up the

movement of traffic on his railroad and that other railroads should do likewise. This

brings into interesting relief the fundamental difference between the railroads in general and the D., T. & I. in its new rôle of Ford plant facility.

The great element in the slow movement of freight traffic is the time consumed in the terminals. It is highly important to reduce terminal work and to cut out delay in the terminals. The United States Railroad Administration gave special attention to this subject and found the most cordial attitude on the part of railroad officers generally to its efforts in this direction. It inaugurated in September, 1919, special local terminal committees, with representation of the shippers as well as of the railroads, and sought to put into effect all practical suggestions looking to the elimination of factors leading to delay or unnecessary work. Similar efforts have been continued since the resumption of private control.

Better Ideas Welcome

EVERY additional impetus of improvement is to be welcomed, whether through consolidation of terminals or terminal handling, movement of trains without breaking them up at intermediate terminals, increased promptness in effecting deliveries between connecting railroads, elimination of delays as, for example, delays in loading or unloading, or on account of billing or because of slowness in repairing cars developing defects in transit. Any new thoughts which Mr. Ford can originate and justify will be gladly seized upon by the railroad fraternity, in my opinion. But apparently the principal way in which he copes with the terminal problem is to put the terminal burdens on his connections by requiring them to take the traffic off his tracks within twenty minutes. What happens after that is not his problem, but theirs. They are no doubt willing to do this as a special service in his particular case in order to get his traffic (and to maintain, if necessary, special terminal crews for this purpose), but it does not follow that they can do the same thing in all cases. Indeed, it may be a question whether sometimes they do not run the risk of prejudicing other traffic in order to give Mr. Ford the quick terminal service which his autocratic position as combined shipper and carrier enables him to demand.

Mr. Ford also says that he has been able to speed up the delivery of the traffic from his factories by from seven to fourteen days. He says this enables him to reduce his working capital by about \$30,000,000.

It is clear he does not mean that he has reduced the time of movement over his own railroad by from seven to fourteen days. In fact, this traffic does not move on his own

railroad except for a short distance in most cases—say from 70 to 100 miles. What he must mean is that he demands of his connections as the price of giving them his traffic that they speed up the delivery to final destination by from seven to fourteen days. Here again his connections may be willing to do this in order to get his traffic, but it does not follow that they can do the same thing for all of Mr. Ford's competitors or for the general public, and the question again arises whether the railroads may not at times be forced to delay other traffic in order to give Mr. Ford the special fast movement which he demands and which his special position enables him to obtain. It is clear that Mr. Ford's railroad does not supply the ideal field for experiment as to fast train movement, because the haul on his railroad is too short and his traffic is too special in character to present the problems which exist on the railroads generally.

Where Did the Speeding Up Occur?

IF WE were to judge by the average car miles per day, we would have some question as to whether he has made sustained progress in speeding up the handling of the traffic over his own line. These averages for the last six months, March to August of this year and last year, were as follows:

Month	1920	1921
March	20.5	27.8
April	9.6	26.3
May	10.7	27.3
June	10.0	25.1
July	18.5	21.6
August	20.9	20.7

It is fair to say, however, that this average of car miles per car per day is by no means conclusive of the speed obtained in the movement of cars actually handling traffic, because the average is based on all the cars which happen to be on the railroad at the time, including surplus cars. Thus in the time of a slump in business such an average goes down, and in time of heavy business the average goes up, regardless of the actual speed of the cars containing loads.

However, despite the unique situation of the D., T. & I. at the present time, it is to be confidently expected that Mr. Ford will make numerous improvements in operation which can be followed to advantage on the railroads generally. The promotion of contentment, and consequently of increased efficiency on the part of the employees, the elimination of unnecessary employees (including lawyers), the resort to more direct action and the cutting out of lost motion in the settlement of claims, the getting rid of obsolete or needless reports and statistics, the development of the standing and authority of the local station agents, are all things which are preeminently desirable, and it is to be earnestly hoped that Mr. Ford can throw new light on how to accomplish them.

It is also much to be desired that, even for the sake of a small additional reduction in cost, he will not put into effect the policy which the newspapers attribute to him of discontinuing certain labor statistics which will be necessary for adequate comparison with other railroads.

It must be again emphasized that it is yet too early to know what economies Mr. Ford can achieve even with all those advantages which put his railroad in a class entirely apart from the railroads in general. The results of operation for the six months, March to August, 1921, do not indicate a steady upward trend in his net. The figures are as follows:

	Operating revenue	Operating expenses	Operating income
March	\$439,032	\$332,970	\$ 106,062
April	697,491	395,810	301,681
May	744,406	422,328	322,078
June	713,527	376,383	337,144
July	744,489	444,794	299,695
August	702,840	549,210	153,630

These figures, in connection with those above given for the months of March to July, emphasize anew that the principal factor in the net is the greatly increased gross, notwithstanding a smaller tonnage.

The country will certainly be the gainer if Mr. Ford can design lighter locomotives which will do the same work as the existing heavy locomotives, and if he can design lighter freight cars which will do the same work as the existing freight cars and which will be strong enough to be hauled and switched (as they would have to be) in the same trains and cuts of cars with the existing heavy equipment throughout the country, on all sorts of grades and curves and under all sorts of conditions.

It is not clear what Mr. Ford means by eliminating the unproductive stockholder. I cannot imagine he means that existing stock should be confiscated. If he means that for the future stock should not be issued except for appropriate value which has been or is to be put into the property, that seems to be assured by the Transportation Act. If he means that it is desirable to encourage the ownership of stock by employees and by people

who live in the communities through which the railroads run, that certainly is an ideal which I believe the public and railroad people would like to see realized. The closer we can get to a condition where the people who use and work on the railroads themselves own the railroads and help to finance them, the better it will be for the country. If Mr. Ford can develop some new methods of accomplishing this result, he will certainly render an important service by doing so. It is seriously questionable, however, whether this movement ought to be carried to the extent of promoting the control of common carriers by large industrial enterprises.

While speaking of the promotion of the ownership of railroad stock and the financing of railroad necessities by the railroad employees and the people living in the communities along the railroads, I would like to suggest that in order to accomplish such an object it is most important that the Government avoid making frequent and hasty changes in its railroad policy.

"Contrary to the Public Interest"

FOR example, it would be a detrimental move if the Government in this difficult and transitional period should repeal the authority the Interstate Commerce Commission possesses for the protection of the interstate situation over intrastate rates, or should repeal the duty of the Commission to fix rates sufficient, within practicable limits, to pay a fair return on railroad property. Through such repeal the chance of securing more widespread popular ownership of railroad securities and greater participation by the general public in railroad financing would be rendered much more remote, and the necessity for resorting at high cost to highly specialized financial experts for assistance in railroad financing would become greater than ever.

In conclusion I wish to express my personal opinion that it is contrary to the public interest for a large shipper like Mr. Ford to own and operate a railroad by means of which he has a powerful leverage for obtaining special consideration from the common carriers of the country. But as long as this is permitted by law, we can at least congratulate ourselves that the present combination is in the hands of a genius who is willing to turn his railroad into a laboratory for the making of the experiments which his resourcefulness suggests, and I shall be surprised if some of the experiments do not turn out to be valuable from the standpoint of railroad companies in general.

Surely with his remarkable record in economical production and with his extraordinary personality he can impress his spirit and his methods upon 450 miles of railroad with about 2,000 employees so as to obtain substantial economies. Some of them should be practical examples for the 250,000 miles of railroad with their 2,000,000 employees, but their problems are by no means as simple and they cannot enjoy the unique advantages which the Ford railroad enjoys.

Walker Hines on Henry Ford—

FORD has the courage of his convictions and does things instead of merely talking about them. . . . The beguiling charm of his genius . . .

"He has brought every competing railroad system in the country to the door of his factory . . .

" . . . can offer the tempting bait of high class traffic in trainload lots at regular intervals.

" . . . the quick terminal service which his autocratic position as combined shipper and carrier enables him to demand.

"It is to be confidently expected that Mr. Ford will make numerous improvements in operation which can be followed to advantage on the railroads generally.

"It is seriously questionable whether this movement (against nonproductive stockholders) ought to be carried to the extent of promoting the control of common carriers by large industrial enterprises.

"It is contrary to the public interest for a large shipper like Mr. Ford to own and operate a railroad by means of which he has a powerful leverage for obtaining special consideration from the common carriers.

"We can congratulate ourselves that the present combination (Ford and the D., T. & I.) is in the hands of a genius who is willing to turn his railroad into a laboratory for the making of experiments."

The Adventures of a Tax Return

There never was and never can be a perfect one; pity, then, the unfortunate official who has to collect the income levy as well as the man who has to pay it

By SILAS BENT

Too Many Wheels

BUSINESS men favor the income tax. The Chamber of Commerce of the United States is on unequivocal record as supporting it, chiefly because it essays to levy revenue in proportion to the ability to pay. Clearly those who prosper most under our Government should contribute most toward its expenses. But to administer the law as framed it has been necessary to build an immense and unwieldy machine, and the administration, through no fault of those in charge of it, oftentimes works inequitably to business. Here is the kind of machine we have and how it is working.

THE EDITOR.

stage hands, awning hangers, vulcanizers, milliners, newsboys, truant officers, life savers, jockeys, cartoonists, Turkish-bath rubbers, demurrage commissioners, artists' models, gunsmiths, piledrivers, veterinary surgeons, riveters and hack drivers. They are all there—they, and many, many others.

When I saw that the solicitous activities of the Income Tax United extended through the gamut of human endeavor from cabbies to coupon-clippers, it became apparent that I must have help in finding my way through the machine. So I appealed to C. P. Smith, Assistant Commissioner of Internal Revenue, who sits at the center of the vast web, not only of income taxes but of half a dozen sales taxes and liquor taxes and so on. Mr. Smith, who somehow reminded me of pictures of President Arthur, gave me a glimpse of the welter into which I was adventuring before I set forth. He said, with resigned patience:

The income tax law was not framed with an eye to its administration. In certain cases it is incapable of accurate administration. In the case of a corporation owning a mine, for instance, how is a fair market value to be determined when the mine has never been offered in the open market? How is depletion to be figured? How is depreciation of a building to be figured? How is amortization of a gas plant to be figured? Some give too high an estimate and some do not allow enough. How are we to know in all cases what the capital investment of a corporation is, when it was formed twenty years ago? It is necessary to employ experts to deal with these matters as justly as they know how.

There are, too, cases of marked inequity in the administration of the tax. A manufacturer in New England, for instance, started business a few years ago with a paid-up capital of \$25,000. He deals in shoe soles and has a factory for cutting them out. In 1917 he deducted from his gross income salaries, totaling \$16,000, for three officers. The next year he deducted salaries of \$30,000. In each of these years the concern did a good business, and for

1918 it paid the Government more than \$10,000 for income and profits taxes. When the 1918 return was audited the salary increase was disallowed, probably for very good reason, and an additional tax of \$8,000 was levied against the company. But the prices of leather declined in 1920, and approximately a quarter of a million dollars of orders to the company were canceled by customers. The company could not cancel its orders for sole leather. It has on hand enormous quantities of soles which cost it eighty cents a pair and which it would be glad to sell at twenty-five cents a pair. It is insolvent. Its profits of 1918 and 1917 have vanished. It is totally unable to pay that additional \$8,000.

Then there was the case of a woolen merchant in the Middle Atlantic States, trading as a sole proprietor, who did a thriving business from 1910 to 1915, and rapidly expanded his business in 1917 and 1918. He was not well versed in bookkeeping. The profits which he made in 1915, 1917, and 1918 were invested in wool. He took a certain amount from the business in each of those years and also in 1919, but only a small amount for salary. In 1920 the bottom fell out of the wool market and he sustained a loss in excess of \$500,000. A revenue agent making an examination of his books of accounts for 1918, found that he had not computed his profits properly by not taking into account at the close of the year all of the wool which he had on hand. The result is that he has been assessed an additional tax for 1917 of \$107,000. There is a prospect that he will be assessed as much more for the year 1918. It is absolutely impossible to collect these taxes from him, for he hasn't the wherewithal to pay the taxes. The loss which he sustained in 1920 has more than wiped out all of his profits for the years 1916, 1917, and 1918, as well as all the property that he has in the world.

Nearly all of the fertilizer companies in the country are unable to pay their taxes for the year 1920. They generally did a profitable business for that year. Their profits were computed upon sales made during fiscal years ending in June, July, or August, 1920. The corporations did not receive cash from goods sold, but sold their goods on credit. Owing to the slump in the prices of agricultural products the farmers have been unable to pay for the fertilizer purchased, and the corporations have not the wherewithal to pay their taxes.

I might continue to give such examples indefinitely. And yet many such cases never come to the official notice of the Treasury Department. They are borne in silence.

Intimate View of the Monster

AS Commissioner Smith talked I began to get a new view of this ungainly monster, which I had been inclined to regard as merely sportive and amusing. It has seemed amusing, for example, when I heard that Senator Smoot, himself an expert in matters of taxation, had just been taken to task on the ground that he still owed the Government \$3,000 on his 1917 return. It was amusing because the Senator had asked an expert in the Treasury to check up that return before it was sent in, and then had persuaded the tax expert of the Senate Finance Committee to go over it; and both of them had agreed that the Senator had figured it right to a dot. And then, after four years, an auditor in the

CASS GILBERT designed the spacious building at Pennsylvania Avenue and Madison Place in Washington to house the entire Revenue Bureau of the Treasury Department. It seemed ample. But that was before the World War. Now, thanks to the complexities and perplexities involved in assessing, tabulating, and recording the income tax, it is known as Annex No. 1.

Little did a Frankenstein Congress suspect what a monster it was calling into being when it provided for an income tax on a war basis. Who could have foreseen that sixty tons of returns must be handled annually? Who would have thought that a regiment nearly 6,000 strong must be recruited to do the work? Who would have supposed that the force would overflow from Annex 1 into Annex 2, the rambling makeshift building at Fourteenth and B streets northwest, formerly occupied by the War Industries Board; that it would choke this vast structure and fill another at Sixth and B streets southwest; and that even then part of the forces must be housed in the immense Interior Department Building?

Last year 637,000 returns on personal incomes of more than \$5,000—a mere fraction of the returns it was necessary to handle—were sent to Washington. They await attention. More than 4,700,000 corporate and individual income tax returns were made in 1918. Of these the personal returns have been through the mill, but patient auditors are still at work on the corporate levies. The 1917 returns, after four years of solid endeavor, are almost cleaned up. Just when the 1920 returns will get into the maze of machinery scattered about Washington, and will begin their complicated journeyings in trucks from building to building, is a matter of speculation. This article is not speculative. It is merely the narrative of an effort to track a typical tax return through the labyrinth of governmental administration to its last lair.

An Appropriate Abbreviation

IN the code of the Internal Revenue Bureau the Income Tax Unit is known as "IT." Presumably this is a convenient use of initials, but for a variety of reasons the unit is indeed IT. No other tax the Government ever has undertaken to levy has turned so many heads gray. A ten-acre field would be a cramped area of operation for it. And a vast volume of rules and decisions has been made in the effort to interpret the law, until it is hedged about with precedents and regulation as thickly as a case in chancery.

Even the code book used by the statistical division of the unit is a formidable volume. Each return is coded before it goes far into the machinery, and certain letters and figures along its left-hand margin show at a glance its character, as to the size of the income tax, the state and district whence it came, the character of the business from which it sprang, or the occupation of the taxpayer. You expect men of wealth to be listed carefully, but the painstaking classification does not stop there. No, a way has been set down to designate embalmers, ball players,

IT upset them all! Certain calculations on bond interest had been invalidated by a ruling in the department. All this, of course, was merely an occasion for Washington pleasures.

But the assessment of added taxes after the ability to pay had passed had meant, in the case of some merchants and manufacturers, ruin; and obviously it might affect business credit in many instances. I began to wonder whether banks took into account, when debating a loan, the possibility of unexpected demands from the Treasury on the prospective client. I inquired later, and heard of one concern which had to issue bonds for \$3,500,000 to meet just such a demand. And so I set out with my guide to follow through on a tax return with a new conception of what income taxes might mean.

What Happens to Your Return

WHEN you send your return to the collector in your district, it is subjected merely to a superficial examination, to see that additions and subtractions are accurate. The real auditing is to come later. If the return represents an income of \$5,000 or more it is sent to Washington. Those for smaller incomes are retained by the collectors, and filed by them. The money, in either event, is deposited by the Collector to the credit of the United States.

Each of the 64 collectors throughout the United States sends to Washington a set of assessment lists, giving the names of the persons in his district who have made taxable returns and the amount of their taxes. These the Commissioner of Internal Revenue signs, to give legal authorization to the assessment, and sends back. The returns themselves are then sent to Annex No. 1 in Washington.

Annex No. 1 is the administration building, from which the returns are routed. The papers are sent first to the sorting room, through which eighty million pieces of mail, it is estimated, have passed; fifty million returns and thirty million letters.

In the sorting room the letters are separated from the returns, which are sent along to the Proving Section, there to be checked against the assessment lists. The amount to be paid to the collector is verified, and the return is sent to the Statistical Division.

Let us, in order that we may have clear sailing for a moment, assume that we are in pursuit of a return not complicated by errors in favor of the Government or against it, not gummed up with claims one way or another. Let us suppose that it is a personal income tax return, made out so nearly in accordance with the regulations that it will pass along unhindered. The return which exactly and meticulously complies with all regulations is an ideal unrealized. Even the man whose income presents the utmost simplicity probably fails to deduct the proper allowance for luxury taxes and soda fountain drinks and that sort of thing. In one way or another he falls short of the A-1 result. It is a commonplace of the Internal Revenue Bureau that a perfect income tax

return is out of the question. But we will set forth on the trail of a return 99 44/100 per cent pure.

In the Statistical Division, then, our return is coded, according to the system which has been indicated; and a card is punched with mysterious holes, so that, when it passes through a machine, all those cards answering certain questions as to size of income, and the state where it is paid, say, are automatically separated from the others. This is a matter of convenience in gathering statistics which may be in demand at the Capitol or elsewhere.

Thence our return form fares forward to the Unaudited Returns Section. (It is still in Annex No. 1, the administration building.) Here it is listed and carded for an index. The card is then verified by comparison with the return, and each finds its place in a file.

This is but a temporary breathing spell. When the returns—it may be in the course of years—are assigned to the audit section, they are routed by the General Files Section to the Returns Control Section and thence to the proper auditor. In the case of a personal income return uncomplicated by claims this is comparatively simple. If all the returns were like that, auditors would not now be mulling over 1918 and 1919 documents. As a matter of fact the auditing force, which is in Annex No. 2, numbers, with clerks and stenographers and comptometer operators, more than three thousand persons. The Personal Audit Division alone is subdivided into six sections. The Corporation Audit Division has separate sections for manufacturers, traders, transportation and public utilities, finance, personal service and miscellaneous business. There is a division for consolidated returns, where a single corporation has subsidiaries engaged in various lines of production or finance, and makes a tax return as a unit, and it in turn is divided into six sections; there is a special division for auditing inventories, for auditing amortization claims, for valuation of oil and gas properties, timber, metals and non-metals.

The auditing forces for natural resources are housed in the Interior Department building.

There is also a Field Audit Review, which goes over the reports of inspectors and of the thirty-five revenue agents, and prepares assessments covering them, when necessary. The agents make field examinations when needed to determine the accuracy of returns. And there is a Travel Audit Section which devotes its attention solely to affiliated companies in the larger corporations.

Returns are not sent away from Washington when there is need for them in the field. Instead, "photostats" of the original are made and forwarded to the agents requiring them. Two machines are busy in the Administration building making these duplicates.

The Committee on Appeals and Review, which is housed in the Interior building, reviews cases which are appealed by taxpayers from the decisions of the Income Tax Unit. The taxpayer must file a brief stating his case, and may have an oral hearing in addition. Theoretically, if the appellate decision is adverse, he may carry it up to the Commissioner of Internal Revenue; but as a matter of fact the committee is technical adviser to the commissioner, and he is unlikely to overrule its findings. The only course left open to the taxpayer, therefore, is through a personal suit against the collector.

Plenty of Claims Pending

AS TO the claims pending, aside from litigation, there are no accurate figures at hand, but a conservative guess would put them at 100,000. The Review Division is subdivided into a Claims Section, an Audit Review and a section dealing with regulations. The Audit sections first pass on demands for abatement, refund or credit toward subsequent installments, and then they go to the Claims Division for final O. K.; except in cases where consolidated concerns, with subsidiary companies, are involved.

It is a source of complaint on the part of the taxpayer that when sums fall due to the Government they must be paid promptly, but that the Government takes its time about making refunds. They say decentralization would help remedy this and other faults.

It is true that the Government moves slowly and that oftentimes this works an actual hardship on business men; but when refunds or credits are to be allowed there are certain inescapable processes to go through and certain formalities to be observed. It is a disagreeable situation for which there does not appear to be a complete remedy.

But it is to be expected that there must be disagreeable delays and irritating incidents in the operation of a law which affects millions, and which, it has been said, was "not framed with an eye to its administration." The long-suffering taxpayer probably suffers no greater irritation than the officials who are attempting to manage a cumbersome machine which is subject to eccentric behavior.



Help Germany to Compete

The real danger from our late enemy lies not in what she does, but in the economically unsound things that we may do out of fear of her rivalry

By M. C. RORTY

Vice-President Bell Telephone Securities Company

YOU WILL DO a very excellent service through the columns of *The Nation's Business*, if you clear up some of the serious misconceptions that exist with reference to international trade competition in general, and possible German competition in particular.

In the long run, and with certain specific exceptions which will be mentioned, every country is benefited rather than harmed by the growth of other countries in foreign trade and in industrial prosperity. It is not true that low standards of living, low wages, and long hours of work in one country react to the detriment of other countries. The harm is internal, not external. It is not true that trade with other countries tends to bring about uniformity in standards of living and to reduce the standards of advanced countries to those of the less advanced. Unrestricted immigration from depressed into advanced countries may produce this result, but unrestricted trade fundamentally cannot do so.

The preceding facts are the basic ones. They need qualification only in very special cases. Anti-dumping legislation may be needed to prevent an unnatural and destructive competition which aims at the building up of international monopolies. Nations which, through the operation of high tariff systems, have established price levels (not standards of living) out of line with international levels, or have built up forced and unnatural industrial and economic structures, cannot reduce tariffs suddenly without hardship. On the other hand, if they raise tariffs suddenly, they will work hardship to those industries and occupations which depend upon export trade.

In this respect they are exactly in the position of a user of narcotic drugs, who cannot change his daily dosage suddenly in either direction without requiring hospital treatment.

The immediate question, of course, is how these principles apply to the present international trade situation, and particularly to the problem of German exports. In this connection there is no difference of opinion among qualified observers. Germany can neither buy American cotton and copper nor pay reparations in gold. She must pay in commodities.

So far as the United States is concerned, these commodities may be taken directly or indirectly. Germany may ship manufactured goods directly to this country in payment for cotton and copper, or she may ship them to Brazil, and Brazil may ship her coffee to us, and we, in turn, may complete the circle of transactions by shipping cotton to Germany.

A very similar situation exists with respect to the reparations payments. If Germany makes these payments, they can be made only in the form of goods. Such payments in goods, if made, would undoubtedly produce an abnormal and temporarily troublesome distortion of European trade currents. If the reparation payments should continue for a number of years and should then suddenly be discontinued, other, although perhaps less serious, trade disturbances may result. The only practicable way to avoid such trade distortion would seem to be to employ German credits on account of reparations for the purpose of undertaking construction works that would not otherwise be undertaken. The British might, for example, use their share of the reparations payments in the form of construction material and equipment to complete the Cape-to-Cairo Railroad.

The real danger from Germany lies not in what Germany may do economically, but in the economically unsound things that this country and other countries may do for fear of what Germany may do.

The greatest danger in the United States, not only with respect to German trade, but with respect to international trade as a whole, is that we may overlook the most elementary of all the laws of trade, which is that a creditor country, such as the United States now is, must balance the sum of its exports and its annual income from foreign invest-

ments by an equal total of imports and new foreign investments. Considerable shifting differences between these two totals may exist by reason of invisible trade items, remittances by foreigners and those of foreign descent to relatives abroad, payments for ocean freights, payments for the expenses of American travelers abroad, exports and imports of precious metals, etc. But otherwise the balance must hold with absolute and inevitable certainty.

How, then, does this law of trade apply to the present situation in the United States? First of all, there is small probability that we shall undertake new foreign investments on a large scale and at an early date. Furthermore, we are now receiving month by month all of the world's current output of gold, plus approximately an equal amount drawn from old stocks. Neither of these items can be expanded. In fact, the inflow of gold has already become a financial menace and should be checked if possible. Beyond these two items the facts stand out with absolute certainty. We must import, not only from Germany but from other countries, on an increasing scale, or our export trade will become permanently throttled.

So far as Germany is concerned, the reactions from her trade are only a minor part of the American problem. While she is desperately struggling to develop exports to meet her reparation payments and her payments for raw materials, her prices will seem alarmingly low. But they must quickly rise when her exports begin to move in substantial volume, and no one who has any real picture of the reduction in German industrial power that has been brought about by the war can fear that this volume of trade in itself will be a menace.

The real menace to this country lies not in German trade but in the possible industrial ruin and accompanying economic and industrial chaos for Germany, and perhaps for the rest of Europe, that may result if German trade is throttled. The future of business in the United States will depend very greatly upon the rate of industrial recovery in Europe. We must buy from Europe, and we must buy from Germany, if that recovery is to come about.

There should be no hesitation in doing anything and everything necessary to make Germany impotent from a military standpoint; but, unless we are prepared to face the losses and difficulties that will come with the rebuilding of a world economic structure upon the basis of a permanently ruined Germany, we must be prepared not only passively, but actively, to assist her in a reasonable measure of economic recovery.

Why Ruin a Customer?

By B. M. ANDERSON, JR.,

Economist of the Chase National Bank, New York

THE "GERMAN MENACE," so called, is unfortunately a myth. The really desirable thing would be such a straightening out of German finances as to permit Germany to become a highly efficient producer and a really effective competitor in world markets once more. The whole world is suffering from a maladjustment which grows out of the demoralization of production in Europe and especially in Germany. The world is not troubled by over-production. The world as a whole is producing far less than it did in 1913.

The trouble is maladjustment due to the great under-production of Europe. The fundamental solution is to be found in restoring Europe to its normal position as the world's great center of manufacturing production and as the world's great market for foods and raw materials. With this restoration, the buying power of the raw material and food producing regions of the world would be enormously increased, and manufacturers in all countries, including the United States, could produce more goods, sell more goods, and make more profits than they are now doing.

What's Wrong with the Retailer?

He needs to look about, both in his own store and in that of his competitor, to keep constantly informed on matters that affect prices.—Some suggestions that will help trade

By ALVIN E. DODD

Manager, Department of Domestic Distribution, United States Chamber of Commerce

THE RETAILERS of this country are on trial.

That's the statement of a paper devoted to the interests of one class of retailers. It's a broad statement—too broad perhaps—but it reflects a widely held opinion.

Listen to any general talk of prices, and someone is ready with the charge that the retailer has not done his share, that raw materials are down, that the manufacturer has cut prices but the man who is closest to the community is holding on.

Various proposals have been made for legislation—that discredited cure-all of economic ills—legislation that shall require the licensing of retailers; that shall limit the number of stores; that shall fix the margin of profit on any commodity. Quack remedies all, but they would not be talked about if there were not a public ready to listen.

There may be truth in the charge that there are too many retailers. Let us look at some figures. There was in 1920 a grocery store to every 218 persons in the United States, a total of 484,092 grocery stores. Statisticians used to figure five persons to a family. This is perhaps too many. Let's say four and a half. That gives us a grocery store for every 48 families, and on the estimated family budget each retail grocer has an annual business of only \$9,400. Those figures talk for themselves. Other retailing lines are almost as bad. Think of a shoe store for 165 families and a candy store for every 400.

This is a condition that takes care of itself, of course. The weak ones eventually go to the wall. The record of business failures, that infant mortality table of retailers, shows how fast and how young they die. In 1920 one retail grocer out of every 200 failed. In the five years past there were about 7,500 recorded retail failures a year with an average liability of more than \$1,600 each. There's a danger signal for the retailer right there.

There are two questions that retailers are asking themselves:

1. How can I meet the reduced prices that are demanded of me when so much of my essential upkeep cannot be reduced? My rent is not coming down and I don't want to reduce wages?

2. When I have reduced prices how can I convince my buying public that they are down as far as they can go?

That first question might be made shorter and fit most cases: How can I sell more goods?

Let it be remembered by every retailer that there is always more business for the man who will study his market and goes out with the firm intention of getting it.

It is true of the retailer throughout the country that he has been unwilling to reduce wages, and wages constitute more than half his total expense. The investigations made by the Northwestern University School of Commerce and National Association of Retail Clothiers showed that in that line \$55 out of every \$100 of total expense was paid out in wages and salaries.

The large retailer, then, unwilling to reduce wages, has been forced to do two things: reduce the number of employees and increase the efficiency of those retained. One man faced a situation in this way:

Five men were doing work which he believed could be done by three. The five men were getting \$30 a week each. He might have reduced \$150 to \$90 and divided that among the five. He didn't. He summoned the head of the department and put the case up to him:

"Two of your men are going. It's up to you which go and which stay, but the men who stay will get the wages we are now paying."

He kept the three best, and that branch of his work is as well done as ever.

Here's another story: In a small city department store in the war and post-war rush, various department heads had added stenographers to their forces. Things settled back to nearer normal, but the stenographers stuck. The proprietor started to overhaul payrolls.

"What does the stenographer do, Mr. Silk? You didn't have one three years ago."

"Checks up sales and stock lists. She's very necessary. Of course, I don't need her so much for correspondence."

"How about the hours between 8:30 and 10, when business is slowest. Could some of the sales force do it, then?"

"Perhaps they could."

And they did. These two instances are cited not because they apply to every retailer but because they suggest the need of job analysis for every retailer whether his store is small or large. And job analysis doesn't mean the hiring of an expert and the addition of elaborate bookkeeping. A very simple record system will teach any retailer who has no such system a lot of what his staff, perhaps a lot of what he himself is doing or isn't doing.

But after all, what the retailer wants is not to get rid of employees but to get more sales per employee. The principle of discharging employees to reduce expenses has one great defect: every wage reduction is a reduction in the buying power of the community. Therefore the discharge of an employee should be the last thing to be considered in reducing expenses.

Successfully to meet present conditions, then, calls for better information—a closer watching of what goes on inside the retailers' store. He must know what his men are doing as he has never known before. To this there comes sometimes the retort from the small retailer:

"That's all right for the big man with hundreds on his payroll, but I can't afford to keep records for my force. Besides, I know pretty well what's going on."

The answer to that is that he can't afford not to and that a closer watching of personnel is quite apt to show him that he doesn't "know what's going on." Of all men, the one who can least afford to take the attitude, "What you don't know won't hurt you," is

the retailer. It's what he doesn't know that is hurting him. He needs to know more of what goes on inside and outside his store.

Right now, when he is the target of public criticism, the retailer who would justify his right to live needs to buy wisely, and to buy wisely he must keep in touch with the affairs outside his store.

At the risk of sermonizing, there are three things which come to me at once which the retailer should do, and which too often he neglects:

1. Keep better informed on trade conditions by better use of the trade journals.
2. Get in closer touch with his markets.
3. Join with his neighboring merchants—even his rivals—in trade conferences.

The first of these ought not to need mentioning, but it does. Every branch of retailing has one or more periodicals which carry market news, notes of style changes, selling hints, and the man who "hasn't time" for them "hasn't time" to attend to his own business.

The second suggestion is harder. It costs to go to New York or Chicago, yet I know a department store proprietor in a small city a thousand miles away who makes a trip to New York twice a month and is convinced that it pays him. If that can't be done, there is an increasing number of resident buyers who, for moderate charges, look after the interest of the out-of-town retailer. And they can't live unless they serve him well.

There's another development in buying which the wise retailer will watch—the group buying by a number of small retailers united to secure better prices, better goods and more salable styles. This practice is growing and has been found to work well in a number of cases.

A Place to Swap Ideas

THE suggestion of trade conferences with his retailing neighbors is one that causes the retailer alarm. He scents the giving away of secrets. As a matter of fact such a "town meeting of trade" is most helpful to the retailer. A common meeting ground is the retail merchants' bureau of the chamber of commerce. This activity of local chambers is an increasing one, and the men in the same line of business find themselves in a natural group.

These are a few of the outstanding ways in which the retailer of today can keep in better touch with his markets, both selling and buying, but how shall he convince his buying public that his prices are "on the level"—and by that I don't mean a level from which they can't rise or fall but a level as low as he can fairly make it—a level which takes into consideration the revised prices on raw materials and manufactured articles, of which the public is constantly being told through the newspapers?

There are two ways which, just at this moment, are worth considering. One is to emphasize Mr. Hoover's suggestion that people be invited to "shop around"—to con-

vince themselves that the retailer's prices are as fair as can be found. If they aren't the retailer ought to know it and if they are the buyer ought to know it. The figures already referred to show plainly enough how keen is competition in the retail field, and no retailer is long going to keep prices above his competitors'—not if he knows it. The trouble with the retailer is that all too often he doesn't know what is going on around him; he hasn't learned the lesson of the big retailer—that his neighbor's prices are of vast importance to him.

Here are two contrasting incidents which have just come under my notice:

In a nearby city I bought a tube of shaving cream. Almost adjoining the shop where I bought it are two others, each of which handles shaving cream. After making my purchase, I went to one of the others and

asked the price of the cream I'd bought. It was three cents less than I had paid. I went back to the first store and told the clerk. Did he care? He did not.

Here's the contrast. One large dry goods store offers \$1 for every case brought to its attention of goods being sold by a rival at a lower cost. I know that one woman picks up \$25 a week from that store. Do they grumble at paying? Not a bit. They're getting a service worth hundreds.

One other way which has proved effective in some cases has been a window display of contrasting prices. Stores have driven home the lesson that prices are down by putting \$25 worth of groceries at peak prices alongside \$25 worth at today's figures.

Suppose a standard serge suit cost \$60 two years ago, and \$40 now. What would be the effect of an exhibit of what the other \$20

would do now? In one case a suit alone, in the other not only a suit but shoes and shirt and hat.

These are only suggestions, but they all aim at the one thing, that what troubles most retailers is lack of knowledge. They need better information. They need it from outside and inside, a wider knowledge of what is going on in the markets and in competitors' stores, and more certain information of what is happening behind their own front doors.

The consoling thing is that increasingly the retailer is learning this. No better proof could be instanced than the 30,000 requests that have come for the pamphlet on "Merchandise and Stock Control" issued by Department of Domestic Distribution. And, best of all, they came in requests for five and ten and twenty, from the small storekeeper with ambition.

Uncle Sam No Export Novice

Our foreign trade records are full of stories of courage in overcoming obstacles—Families that have done business with South America and the East for generations

By CHARLES LYON CHANDLER

Manager, Foreign Trade Department, Corn Exchange National Bank of Philadelphia

IT HAS so long been the fashion to denounce and decry the mistakes of our exporters and foreign traders that sometimes we fail to give due credit to those who succeed against the heavy obstacles. This lack of appreciation is shown not so much to the men of our own day, who can speak for themselves, as to the pioneers of the past, who are so far forgotten that it is frequently stated that the United States has just entered the field of foreign trade.

Perhaps it may surprise those who make these statements of our recent discovery of South American trade opportunities, to know that citizens of the United States were doing business in Montevideo as far back as 1799, and in Buenos Aires at least as early as 1802. Our exports of furniture to Argentina began in 1801 and a "carriage of North American make" was rolling along the streets of Buenos Aires in 1810; and ever since 1806 the United States colony there has celebrated the Fourth of July by a public dinner. United States citizens were active in Chile as early as 1808, and by 1810 there were enough of them in Rio de Janeiro for two of the "estimable young people" to be married.

But our pioneering was not confined in any way to South America. Fifty-three years before Perry, a ship from Salem went to Japan. By 1801 the American citizens in Manila were so numerous as actually to give parties and "genteel entertainments." Even while George Washington was president, Lewis Lilliebridge, of Rhode Island, was conquering whole provinces in India for England. Poor Lewis, alas! succumbed to the flowing bowl at an entertainment given in his honor by the United States Colony of Calcutta before his departure in 1804, so that he never saw Narragansett Bay again. Moreover, to the Cape of Good Hope while she still belonged to Holland, to Mauritius still under the French, to Norway still a part of Denmark, ships and traders were sailing from the United States. In fact we were so familiar with this part of the world that in 1813 Bergen was used by our navy as a kind of base against the British Isles.

George Nichols was a typical young foreign trader of those times. He was born in Salem on the Fourth of July, 1778. When he was sixteen years old he went to St. Petersburg, Russia, in the bark *Essex* belonging to Captain William Orne, being rated as a "passenger." When he was eighteen, in October, 1796, he went out as a joint supercargo to Batavia in the Dutch East Indies. Incidentally on his way he stopped at the island of St. Paul, south of the Cape of Good Hope, where a tent had been erected with a supply of provisions for the many American vessels that passed that way. I wonder how many have touched there during the last ten years.

After having carried a cargo of flour to Mauritius, then called the Isle of France, and one or two other short trips to Russia and elsewhere, George became master supercargo of a vessel at the age of twenty-two. He arrived in Salem one fine day in September, 1801, from Madras, much sooner than he expected. A little incident occurred which is worth repeating in his language.

"Two of the owners, my father and Mr. Gamaliel Hodges, met me in my landing at Union Wharf. The former appeared quite agitated and asked me whence I was from.

"From Madras, sir," I replied.

"From Madras? I thought you had orders to go to Calcutta."

"I had, sir, but I changed my course."

"What cargo have you?"

"A full cargo, but very little for you," I replied. Upon hearing this he appeared still more agitated and asked,

"What have you been doing?"

"Sir," I said, "I have not made the worst of voyages, and if you will accompany me, I will tell you about it." He accordingly went with me into the counting room. There I took out my papers and handed him bills of exchange amounting to \$65,000 or \$66,000 on Messrs. Sears, Dickerson and Thorndike, then the richest firm in Boston."

No wonder that George could afford to marry Sally Pierce of Salem two months later and to make a little run out to Manila on his honeymoon trip in 1802.

Fifteen vessels flew the Stars and Stripes into Archangel in the summer of 1810, while sly old William Wain of Philadelphia also circumvented Napoleon's blockade at Smyrna, as did Stephen Girard at Constantinople.

In many cases, the trading has been handed down in the same family from generation to generation, as with the Offleys and Blacklers in Smyrna, or the Zimmermanns and Fraziers and Perrys in Buenos Aires and the Uptons in Brazil. They and many, many others can look back with pride to the days when their ships carried their sailing papers signed by Jefferson, Madison or Monroe, and when sixty-four days instead of sixteen were needed to bring their hides and wool from Argentina to New York. Fortunately, some of our largest manufacturing firms have preserved their records sufficiently for us to trace the growth and development of their foreign trade.

Probably no line of foreign business has keener competition than the locomotive trade, yet as early as 1839 Matthias W. Baldwin himself was selling locomotives to Wurttemberg, and to other European railways shortly afterward. Matthias was a fairly good export manager, even if he never read Unit-4-11-44 nor studied text-books on foreign trade. Of course it is a great pity that he could not have enjoyed the advantage of a degree in some of the post-graduate courses where export information is dealt out with so lavish a hand; but in spite of these handicaps, at his death in 1866 Baldwin locomotives were running in practically every railroad country of the world.

In 1851 they helped to open the first railroad ever built in South America, from Caldera to Copiapo, in Chile. The machine tools used on this railroad were made by Messrs. William Sellers & Company, of Philadelphia, who, in the autumn of 1861, even sold tools to the Spanish Army. In 1865, Mr. Baldwin sold a locomotive to a sugar plantation in Cuba. Exactly fifty years later, in 1915, a letter came to the Baldwin Locomotive Works addressed to "Señor M. W. Baldwin" from the firm of plantation man-

agers saying that the 1865 order was still in use and so satisfactory that herewith was a repeat order.

I myself have seen the very printing press sent by the elder Robert Hoe to Buenos Aires in 1864. The ship that took it out was chased by Confederate privateers until, for fear of capture, it put the cargo ashore somewhere in Uruguay, and the press was dragged on ox-carts to its final destination. In 1912, while I was in Peru, I saw a lathe from Pennsylvania that had been in continuous service on a sugar plantation there since 1870. We have all heard of the unfortunate locomotive which was abandoned in 1879 on the Madeira-Mamoré Railway in the Amazon jungles. When it was found in 1908, palm trees were growing out through the smoke-stack. But after the fruit had been picked from the palm trees, the old locomotive was thoroughly cleaned out, and today it runs all the better for its vacation and is a valuable asset on that tropical railroad which is itself a monument to our enterprise abroad.

Indeed, many of our foreign triumphs have come in engineering lines, for even while Spain was at war with us in 1898, she continued to order Baldwin locomotives. The Madeira-Mamoré is not the only South American railroad to our credit: Henry Meiggs with his Oroya railroad in Peru, Flint, Thorndike and many others in railway construction in Southern Peru, Archer Harman in Ecuador, William Wheelwright and Allan Campbell in Argentina, Charles J. Harrah in Brazil—all these men made records of which any nation should be proud. In addition is the laying of the first railroad across Panama in 1855, a feat as wonderful in its day and generation as General Goethals' completion of the canal in ours.

The Trade in "Yankee Inventions"

IT should always be remembered that some of our greatest successes abroad as well as at home are so-called "Yankee inventions." It was hard enough to educate the people of the United States to use some of these inventions that are now in every home, but it was naturally twice as hard to sell them to peoples who not merely spoke no English but who in many cases followed an entirely different mode of daily life from that in the United States.

For instance, the baby carriage is now common enough here, but when the first baby carriages were brought to Japan the cry was that they would drive out of employment the poor nurse-girls who for untold generations had carried babies on their backs. When Frederic Archer Upton introduced the Uncle Sam stove into Sao Paulo, Brazil, in 1875, many of the older houses there had to be partly torn down in order to put the

stove in the kitchen. In a certain country east of Suez, I have seen small safes used as parlor ornaments, with the floor strengthened from its original bamboo-and-lath thickness to hold them.

The story of our foreign trade is told by the old cemeteries in foreign lands. American graves at Panang in the Straits Settlements show dates as early as 1846, and some of those on the South Orkneys, down near the South Pole, go back to 1821. But today we are striving by better sanitation to defeat the purposes of these old cemeteries. About five years ago several officials of a South American government were in earnest conference with a young man from Tennessee. They were ready to award to the United States the first contract ever given by that sister republic for the sanitation of one of its largest cities if we could deliver the goods. In the past such work for South America had invariably been done by Europeans, who had built standpipes of heavy concrete in the manner of the ancient Romans.

"But we can build Your Excellency, pipes in Chattanooga of steel sheets that will cost one-half as much," said the Tennessean.

"But Chattanooga is inland."

"But we can nest them on Southern Railway freight trains and take them to Mobile or Charleston, whence they can go by steamer to Paysandu or Mercedes direct, Your Excellency. These steel pipes will last just as long, and, incidentally, will save Your Excellency about \$50,000."

The officials were finally convinced, and today many such standpipes in Uruguay have Chattanooga stamped on them as a permanent reminder of this young man's visit. He did not send a catalog printed in English or a short paid letter when he wanted to secure this Uruguayan business. Instead, he jumped on a boat and went directly to Montevideo, and today that Chattanooga factory's products are covering the world from Pernambuco to Penang, and their salesmen are even more active abroad when business is dull at home.

In the same way a shrewd young man from Atlanta, Georgia, who had worked in numerous Southern cotton mills, saw the chances the World War opened to us. He went to Buenos Aires in 1914 and sold the first United States towels and tickings in Argentina. He is still there, with a good clientele, for his mills have actually delivered when they said they would.

A. B. Farquhar, for many years a vice-president of the Chamber of Commerce of the United States of America, tells the following graphic story of the pioneer shipment of plows to South America—a shipment of his which has developed into a nation-wide business of millions of dollars:

"Our first export shipment, as I recollect

it, was in 1868, through A. B. Morton & Son, on a sailing vessel, to Paysandu, Uruguay, the shipment consisting of plows. This shipment was followed with a number more, and finally permanent connections we made, some of them direct with South American houses, though most of the goods were sold through commission agents in New York. By 1873 our export business had begun to take a very considerable portion of our product, and thus it was that in times of depression at home the export demand usually kept our factory going, and we were often enabled to keep running when other plants in my home town (York, Pennsylvania) were idle. In fact, we had a record for practically never shutting down, largely the result of export orders when domestic was slack.

It Was Hard to Break in

OF COURSE these early attempts to break into the export field were not unattended with difficulties. In one instance we had, by dint of the hardest kind of hustling, got a carload order completed, all except some fifty or sixty plowshares which, through an error, had been delayed in the foundry. But one day remained before the sailing of the vessel from Baltimore, which was scheduled to weigh anchor early the next morning.

"I had the bear run a little earlier than usual that day, poured the shares with the first iron, milled them, and after six that evening, with the help of two of my men, personally packed them and took them to the car. The freight agent was hunted up, the emergency explained. He at once caught the spirit of the matter and remarked reflectively, 'The fast freight goes down at eight o'clock; I will get that car through.' I took the early train, before four o'clock the next morning, found the car had reached the Jackson Street Wharf and been loaded on the vessel. This is but one of a number of instances in which extreme measures had to be taken to avoid disappointment of foreign customers."

Even these few scattered bits of data are enough, I think, to enable us to refute the charges of some of our competitors who seem to regard us as a pack of children turned loose in a toy shop with all of Uncle's money to spend. If we follow the energy and sense of some of our forebears, we shall find them surprisingly modern, as good as a text-book on foreign trade of today. We now "sail" and "ship" by steamers, but Yankee shrewdness and Yankee inventiveness are the same as they were in Franklin's day.

"If I should never venture nothing, I should never have nothing," wrote Obadiah Brown in 1738 to his brother James, regarding the voyage of his Providence-built vessel, the *Rainbow*, to Surinam in that year.



American drummers were abroad long before our country grew up

America's 400,000,000 Friends

They live in China, where the word "American" is everywhere an open passport; the good-will of this young-old nation is of the greatest commercial value

By DR. SAO-KE ALFRED SZE

Chinese Minister to the United States

TRANSPORTATION, the most important factor in American civilization, is the crying need of the Chinese nation, and it requires only American ingenuity, armed with modern scientific methods of agriculture, to make the vast stretches of China's northwest blossom in production. You can teach us a great deal about industry, about flood and famine prevention, about the improvement in quality of our products. American capital has an almost unlimited opportunity in China. It would make possible the subsistence of a greater and happier population, at standards of living much higher than our people now enjoy.

What have we to offer in return? I recently read in the *Congressional Record* a statement by a member of Congress to the effect that, "America couldn't afford to neglect the trade of a billion people." Now that was a significant statement, and I want to tell you that nearly half of those billion souls live in my country. The Chinese are an industrious people, with the smallest per capita debt of any great nation. And this is the more significant when you know that the Chinese people live in a land territorially one-sixth larger than continental United States. The standard of living in China is much lower than here, and outside of agriculture, our country is largely undeveloped.

Geographically it occupies a stretch of territory that greatly resembles the United States. Our Manchuria and Mongolia are very like Nebraska and the Dakotas and produce much the same things. And then to the southward China stretches almost to the tropics just as your Florida and Texas and California do, and your Department of Agriculture is just discovering that many of our plants and products of the soil grow just as luxuriantly on this side of the Pacific as they do on our side.

China has always been an agricultural nation, and I have it from one of your agricultural experts that your scientists cannot teach our farmers a great deal about scientific agriculture. Our farmers have learned after some forty centuries of trial and experience how to keep their soil productive so that in normal times we feed a population more than four times as large as your own. There is a farm land in the great Yangtze Valley of China that has been farmed continuously for nearly 4,000 years, and it is still highly productive. You can teach us a great deal, but you can learn a great deal from our farmers on how to keep your soil productive.

The United States of America up to a fairly recent time was an agricultural nation. Most of your luxuries of manufactured products came from Europe. There are still standing buildings in New York City that got their structural steel from England. In New England you will find many cotton mills that got their machinery in Europe and are still using it. It is only in the last quarter of a century that you have become an industrial nation, have become industrially self-sufficient to such a point where you are not only supplying your own needs but are beginning to sell abroad. As your population

increases and as your people turn more and more to industrial pursuits, you will come to depend more and more upon our raw products for your needs, and the sources of raw products of Asia have scarcely been touched. As America has been the world's granary in the past, so China will become the world's granary of the future.

But China is also becoming industrial. Although our industries are still largely on a household one-man or family basis, we are beginning to manufacture for our own needs. Naturally we begin with the coarser grades. Thus, again, China becomes one of your greatest potential customers. We need you in our industrial growth, and we want to learn from your experience in large management and construction.

Ten years ago there was not a single American-made cotton spinning or weaving machine on the continent of Asia. Today we have dozens of modern cotton mills using your machinery exclusively. I know of one firm in New England that has sold more than \$30,000,000 worth of cotton working machinery in China in the last five years, and we would take all you produce if you would let us have it. There was a period when China bought most of her cotton goods from America, but you permitted Europe to undersell you and drive you out of our markets.

China is nothing more than a young-old nation. For years we have been awakening to the spirit of the West, and then the European War came along and quickened our awakening. It will require several years for the West to realize the changes wrought

in the Orient by the World War. There are material changes, many of which will have to be rectified before we can have permanent peace, but the greatest change is in the psychology of our people.

After our first contact with the West, and then as a result of the aggressions of the West upon our territory and our civilization, we thought the progress of the West was all typified in the word "force." Now we are beginning to learn that there is something vastly greater and more significant in the scientific development and advancement of the West, and we find that something to be not different from the principles of our own great sages and philosophers. In this new understanding we hope to find a common meeting ground of East and West that will be mutually profitable.

Here in the United States, as merchants and manufacturers, you have learned the value of good-will as a business asset. You expend annually thousands of dollars in the creation of that psychological element called "good-will." Do you realize that, out in China, America has an asset of good-will that extends throughout the length and breadth of the republic? I can do no more than quote your own commercial attaché in China, Mr. Julian Arnold, in the statement that the word "American" is an open passport throughout China.

We have your friendship; now we want your assistance, and we believe that we can make it pay you in money—yes, but in many other ways of far greater importance than mere money.

American Valuation? Yes!

By MARION DE VRIES

Associate Judge, United States Court of Customs Appeals

WHAT IS the proposed American valuation plan as the basis for the estimation of our import duties which is stirring such opposition? The majority members of the Finance and Ways and Means Committees have agreed that the American valuation plan would be based upon the wholesale market value in the principal markets of this country:

1. Of like or similar American goods, or,
2. In the absence of American, of such or similar imported goods, or,
3. In the absence of all such, upon the foreign cost of production of like or similar imported goods delivered in said markets, all packed ready for shipment.

Now in what does the present system differ from the foregoing? Thereunder our import duties are assessed upon the wholesale market value in the particular country, packed ready for shipment, from which exported (1) of the imported article or in the absence of such market value, that of similar imported goods, for home consumption therein (please note *not for export*, which is the invoice, and, almost uniformly, a different market value), (2) or, in the absence of a market value for

home consumption of such or similar imported goods, the cost of production thereof, packed ready for shipment.

Of these respective systems it is asserted that the latter is the same method of one hundred years, while the former is "theoretical, untried and impracticable." Now what is there "theoretical" or "impracticable" in this proposed American system?

The amount of duties to be paid depends upon the rate established and in no wise in the remotest degree depends upon the basis of those duties, so that element of the case is clearly excluded. By sophistry, and for the purpose of clouding and falsely representing the real issue, we daily observe this ridiculously false claim asserted.

The sole and only thing the basis of duties affects or effects is the penalty for undervaluation. And here lies the pinch. Here is the cause for this violent denunciation of the American plan. It is said, first, that no importer can know at what value to enter his goods. What is to be known is the value in our markets: (1) of like or similar American goods; (2) or if none such, of like or similar imported goods; (3) or if none such,

the cost of production abroad of the imported article plus freight, charges and duties to our markets.

What is it this proposed law requires of the importing merchant that is impracticable and theoretical? Why, nothing more or less than what of necessity every successful merchant now knows.

Are our importing merchants fools? Are they ordering and importing into this country millions of dollars of goods without first knowing exactly what both the competing domestic article and competing foreign article are selling for in our markets?

Business men are not so reckless as to engage in competition in our markets without first knowing those markets. And while those markets vary they do so no more than, if as much as, the foreign markets, now the standard of our appraisements. On the contrary, being in the midst of our markets and intimately in touch therewith by means of the telegraph, telephone and daily quotations of the press, all to be supplemented by the government agencies for that purpose provided by the Fordney Bill, they can exactly inform themselves every hour of every day of the exact market value of all competing American and imported merchandise.

On the other hand, the present system requires that the merchant for entry purposes inform himself of the market value of the imported goods for home consumption in the country of, and at the time of, exportation.

Now which is the more practicable? Which is the more reasonable: to require the mer-

chant to be advised of his competing values in this country, or local values of some country thousands of miles away. The plain truth is that the latter cannot be practically or effectively done either by the merchant for entry purposes or the appraising officers for appraisement, and, if falsely done, cannot be so shown, because in ninety-nine cases out of every hundred it is beyond our jurisdiction for inquiry or punishment. All who know anything of this system know it results simply in the invoice value being accepted as the foreign home value. That invoice value more often than not actually differs from the foreign home market value.

Under the existing system, therefore, it results, and has obtained for over one hundred years, that the foreign exporter, without any oath or other constraint than his conscience, fixes the value upon which our import customs duties are levied! Why not have him also fix the rates? Common sense renders it obvious that it is just as effective to have the power to fix the basis as the rates of our tariff laws. Either is a power to effectively destroy both the revenue and protection thereby secured. If there were no other virtue to American valuation than that it would compel our importing merchants to keep themselves posted upon the American markets in which they are trading, that system would have its vindication in this beneficial requirement. If they are not now so advised, they will be compelled so to be under the American plan, whereby obviously better business methods will be assured.

commodities. If we do not buy, it will be impossible to market our surplus agricultural products. Stagnation will follow in all branches of business, agricultural, merchandising, banking, and will finally react upon the special interest which this plan designs to favor, namely, the domestic manufacturer.

The proponents of the American Valuation Plan point to the depreciated condition of European currencies as the reason for adopting the American Valuation Plan. They disregard the fact that, as exchanges decline, prices in the country of depreciated exchange advance.

The Federal Reserve Board receives from the American Commissioner in Germany the wholesale price index as published by the *Frankfurter Zeitung*.

The index figures on all commodities October 1, 1921, are 1,993 as compared with 100 for the middle of 1914; on textiles the figure is 3,270 as compared with 100 for the middle of 1914. In this connection it should be borne in mind that textiles, being subjected largely to ad valorem rates of duty, are more affected by the American Valuation Plan than other ranges of commodities. The above index figures bear out the contention that the prices stated in terms of German marks have risen as the value of the mark declined.

The proponents of the American Valuation Plan have frequently advanced the following argument in support of their position.

If an article can be purchased in England for \$100, the same article can be purchased in France for \$75, in Germany for \$50, and in Japan for \$25. If this article were dutiable at 50 per cent, the duty collected on the English article would be \$50, on the French article \$37.50, on the German article \$25, and on the Japanese article \$12.50.

The absurdity of this statement is apparent, for the merchant confronted with this situation would say to himself: "Why buy goods in England or France when the same goods can be bought at far less in Germany or Japan?" Again, how could a producer in either England or France afford to manufacture what could be produced in Germany and Japan at so much less cost? Why should he produce at all when he can buy in those markets at less than his cost of production?

The proponents of the American Valuation Plan assert that, under its operation, these articles, being valued at the American selling price, would all pay the same amount of duty, and the whole matter would be satisfactorily adjusted. But would it?

Assume that they are all assessed for the same amount of duty under American Valuation Plan, say 30 per cent of American selling price of \$200, or a duty of \$60. The English goods would amount to \$160, the French goods to \$135, the German goods to \$110, and the Japanese goods to \$85, leaving the advantage still with Germany and Japan, and their argument fails.

The facts are, as may be ascertained by an analysis of our imports, that the same goods are not imported from England, France, Germany and Japan. Each country, either through natural resources, skill, or climatic conditions, excels in certain commodities, and in these commodities lies its commercial greatness.

The American Valuation Plan is good in name only, its name "American" being purely a disguise to hide enormously high duties provided in the schedules of the Fordney Bill.

We believe in a tariff that will give reasonable protection to American manufacturers and American labor against foreign competition, provided such tariffs are levied in a straightforward manner, easily understood and easily calculated.

American Valuation? No!

By JOHN G. SHEDD

President, Marshall Field & Co.

THE PARAMOUNT issue of the tariff question is whether we shall depart from the tried principle of assessing ad valorem duties upon the foreign market value to the new and uncertain provisions of the so-called American Valuation Plan.

Under this plan, ad valorem duties would be assessed upon the wholesale selling price in the principal market or markets of the United States of some similar article of domestic production; if none such is found, then upon the wholesale selling price at which similar imported merchandise is sold in the United States; if neither the domestic nor the import value can be ascertained, then the price of the goods abroad at the time of export, plus transportation charges, import duties, expense and profits; if neither the domestic value, the import value, nor the export value can be ascertained, then upon the cost of production plus duty, transportation charges, expenses and profits. All this complicated procedure is in the hands of the United States Appraising Officer, and with him rests the responsibility of determining, under this system, the amount of duty due.

The American merchant, wishing to buy goods abroad, has heretofore been able easily to reckon his costs, adding to his cost to cover his business expenses and profits.

Under the working of the American Valuation Plan he cannot determine his costs until he knows the selling price, for upon the selling price is based the duty, nor can he intelligently figure his selling price without knowing his costs.

It is an essential and necessary part of most lines of business that merchandise be sold for future delivery, as, for example, dry goods sold in the spring for fall delivery.

The American buyer who goes into the

foreign market would find himself confronted not only with these difficulties but with the uncertainty as to market conditions in the United States six or eight months later when the goods would be shipped. Merchants could not afford to speculate on so great an uncertainty.

The provisions of the Fordney Bill, with its American Valuation Plan, mean higher prices, not only upon imports, if it were possible to import, but upon domestic merchandise as well, in that it permits the American manufacturer to control his foreign competition, and the American consumer pays.

The extent to which the American manufacturer may, by advancing his price above present levels, control his foreign competition may be arrived at by formula and varies with the amount of transportation and other expenses and profits of the imported article.

The increases in duties levied under the Fordney Bill are indicated by the following:

	Present duty	Duty under Fordney bill
Children's cotton hose	\$1.22 doz.	\$2.80
Cotton emb'd h'd'k'fs.	1.15 doz.	1.99
Linen emb'd h'd'k'fs.	1.14 doz.	2.01
Cotton sateen	0.66 yd.	0.35
Cotton gloves	1.00 doz.	3.04
Wool gloves	1.81 doz.	3.54
Cotton emb'd voile	0.46 yd.	1.06
Linen tablecloth	1.09 each	2.02
Linen napkins	0.95 doz.	2.17
Brushes	0.68 doz.	1.84
Leather gloves	2.00 doz.	14.60
Cotton braid	0.91 gross	3.13

These tremendous increases in the actual duty levied under the American Valuation Plan indicate the barriers which it will raise against our buying Europe's manufactured



A Test of Recovery

MUCH talk is made of business cycles and of the lessons to be drawn from them. Whatever be our faith in those who would chart the past and seek from that to predict the future, we know that there is an ebb and flow to industry; that the high tide of prosperity recedes and then in turn depression gives way to better things.

One man who has at his command unequalled sources of information, and who believes that business history repeats itself, thinks that we are on the edge of great things, of what might be called a "boom" if that word had not an evil sound and an unhappy suggestion of unhealthy growth and hasty collapse.

On what does he base this hope? On increased building—not plans filed, but contracts let. What line of industry is not affected by building? Every form of raw material, a thousand-and-one manufactured products, transportation, they all pluck up courage as foundations are dug and new buildings go up.

If, then, building be a sign of business betterment, there is consolation in the construction figures reported to the Commerce Department. The September figures for contracts let were the highest of any month this year and the highest for any September on record. October figures from private sources carry on the story. These figures are for 27 northeastern states and show a total of 8,144 projects with a value of \$246,186,000. In the *Survey* the 1919 monthly average is taken as 100. On that basis, the number of projects in September of this year is put at 119 and the value at 115. In square feet there is a drop below the 1919 average to 90.

Where are the increases shown? In residential buildings the contracts let total \$95,000,000 as against \$36,000,000 a year ago September and \$70,000,000 the monthly average for 1919 taken as a base year. No previous month this year approaches these figures, the highest being May with \$83,000,000. On percentage home building is rated at 135 as against 100 in 1919. Business building also has gained, as has construction for public uses. There is but one notable low figure. Industrial building contracted for totals in value only \$11,000,000 as against a 1919 average of \$42,000,000 and a top in March, 1920, of \$96,000,000.

Tips and Income Taxes

TIPS ARE attracting the attention of the collectors of income tax in England, and there is a fine flurry. Some wag has suggested that the income tax should be collected on tips "at the source." Every traveler and every person who goes out for dinner would thereupon have to carry a full equipment of blanks, and the preparation of forms would become an important part of the usual ceremonies with porters, stewards and waiters.

Lunch Clubs Are Still Legal

LUNCHEON PARTIES have a place in a proceeding begun in October by the Department of Justice against a statistical bureau which is alleged to have been part of a plan resulting in violation of the Sherman Act. This case is apparently one of a series through which the department means to test all phases of plans for distribution of statistical information among members of an industry. How far the Supreme Court's decision in the so-called hardwood case will affect these other cases cannot be forecast. That case, having been argued a second time in October, is now before the court.

Meanwhile, on November 1 a Federal judge in Chicago declared, in a case brought by the Department of Justice under the Sherman law, that there was no more reason to

dissolve a statistical bureau merely because it might afford an opportunity for members to fix prices than there is to pronounce illegal every lunch club where business men meet. In this case, brought against producers of linseed oil, the court found no evidence of an agreement to fix prices, no evidence that the prices asked were not in accordance with the market price of the raw material, flax seed, and no evidence of limitation of production or of division of territory. The central bureau received and distributed purely statistical information pertaining to past transactions, according to the court.

This led the court to say that it was a bureau of intelligence and that it made for real rather than artificial competition. Since it is undoubtedly lawful for dealers to get together in an exchange and provide for dissemination of prices obtained on actual sales, the court could see no unlawfulness in producers and dealers in lines where no public exchange has been established making some provision for disseminating information of market value or prices.

That some uniformity in prices resulted did not trouble the court. The fact that one merchant charges the same price as another, because he finds he can get it, does not necessarily mean there is an agreement between them to charge the same price. Uniformity does not prove a conspiracy. As for stabilizing the market, the court found on the proof that it meant the obtaining and distributing of information which would enable the members of the association to understand better the conditions of the market, to the end that speculative hazards which had formerly worked injury to both buyers and sellers should be minimized and finally removed and the law of supply and demand more intelligently be put in operation.

When the Government commented upon the remarks of members that the statistical bureau enabled them to sleep nights, the court rejoined that it is very evident the Supreme Court does not believe the Sherman Act should prevent men from sleeping nights. Wakefulness of nights would at most be circumstantial evidence, and the court was firm in its views about such evidence, saying that if the Government relied upon such proof it would have to show to the satisfaction of the court that the circumstances upon which reliance is placed are entirely inconsistent with supposition of innocence.

When the information made available through the statistical bureau was only what a "sagacious business man secures in the operation of his enterprise," the court found nothing inconsistent with the supposition of innocence, and dismissed the Government's petition for an injunction. Whether the Government will try to take the case to a higher court is to be seen.

Fish Rescue and Shirt Buttons

YOUR grandfather's underwear might have been held together by buttons of wood, bone or metal. Yours is kept from falling off by the shell of a fresh water clam or mussel, and the making of those pearl buttons is an industry which centers around Muscatine, Iowa, and in which \$90,000,000 is invested. Moreover, if it were not for the fish rescue work on the upper waters of our rivers, you might be reduced to tying your shirt together with string.

Like a lot of other industries it has a problem of depleted natural resources, in this case the fresh water mussels from which the buttons are made. Shells that once brought \$8 or \$10 a ton now fetch \$100, and not even this jump in price serves to bring enough into market.

The pearl-button business, however, is getting help from an unexpected quarter, for the United States Bureau of Fisheries, when it set out on its rescue work on the upper Mississippi,



found that its efforts to add to the supply of cheap food in the Middle West were giving the pearl-button makers a boost.

The microscopic children of the mother mussel, when they first leave home where some three million of them may have thrived in her gill pouch, turn for a foster mother to the river fish. These specks of animal life attach themselves, generally, to the gills of skipjacks, crappies or some fresh water fish where they live until they drop off to the river bottom. There the mussel, known as a "niggerhead," "pigtoe" or "ladyfinger," starts out on a career which shall end as a button.

This is the way the fish rescue work is helping. The upper Mississippi in high water spreads out into little lakes and creeks. As the waters recede, millions of little fish are left stranded. Crews from the Fisheries Bureau gather these imprisoned fish, cart them to the river and turn them loose.

The pearl-button makers are getting not only the indirect benefit of more fish but a direct service is being done by implanting mussel babies on the fish before they are turned loose. Pending in Congress now is a bill for a small appropriation which shall add to the number of fish rescue stations and provide each with a fish culturist who shall superintend the work of spreading the fresh water clam.

The Conquest of the Sahara

A FRENCH engineer has completed plans with government backing for an automobile route across the sand wastes of Sahara. Truck caravans with caterpillar tread are to supplant the cushion-footed camel along the trackless solitudes from Touggourt to Burem on the Niger, via Ain-Sala and Kidul.

Already in Algeria, Tunis and Morocco the automobile is a commonplace. Already airplanes traverse a regular route between Timbuctoo and Dakar, curtained with palms, and hydroplanes ply back and forth along the River Niger. Slowly civilization and commerce, hand in hand, are making their way into the very core of the Dark Continent.

The Trade Commission's Cases

THE TRADE COMMISSION is interested directly in nineteen cases pending in the courts. In two of these cases, involving commercial bribery, the lower court at the beginning of November decided adversely to the commission, on the ground that upon the facts, alleged gratuities given by ship chandlers to officers of steamships, there was not such a connection with interstate or foreign commerce as would give the commission jurisdiction.

The other thirteen cases in the lower courts raise both questions of procedure and substantial questions about unfair competition. These questions range through the power of the commission to take testimony in certain cases, its right to require statistics, maintenance of resale prices, misleading advertising, stamping of Japanese matches as made in Sweden, and acquisition of stock in a competitor.

Upon some of these cases light may be shed by the decisions of the Supreme Court in four cases which are on its docket. These cases present the legality of a plan affecting resale prices, the propriety of certain labels on textiles, the nature of an exclusive contract between a magazine and its agents, and the right of the commission to deal with an exclusive contract between a railroad and a company operating refrigerator cars.

Why Not Wood as a Currency Standard?

WOOD HAS not occurred to many of us as a substitute for gold, but a Swiss newspaper insists with logic that in many countries the substitution has been made. Recalling

the brilliant ante-war guaranteeing of note assets with gold deposits, the Swiss journal remarks, "In most European countries the paper currency is now based not upon gold but upon wood. The wood is changed by busy hands into paper, from which beautifully colored bank notes are manufactured. Gaudy certificates, bearing many ciphers, are the money of today, which is being turned out in floods."

When one recalls the vast forest resources of Russia, he may begin to wonder how far upward the trillions of Russian paper money already issued may mount. Some financier should suggest to printing-press governments the superior advantages of old-fashioned American wampum over wood shavings as a handy medium of exchange.

Mass Production of Money

BILLIONS will soon be superseded by trillions in other countries than Russia, if the printing press is not soon replaced with the slower but more healthful minting machine. After having a sample fair, Vienna announced that the value of business transacted was thirty billion crowns. That is impressive to folk who still confine their every-day conversation to millions and who do not recall promptly that the crown has fallen from its old value to four-hundredths of a cent. Even so, the Austrian crown of today, when turned into our gold dollars, shows \$14,250,000 as the volume of business done by the Vienna fair, and such results are decidedly encouraging.

Perfidy Applied to Nest Eggs

NEST EGGS are not beneath the notice of our Government, the concern of which, and the tax receipts of which, contribute toward the well-being of the hens of the land. A patent variety of nest egg, advertised not only to deceive any trusting biddy but to make her thoroughly sanitary, has been before the Government's ornithologists, zoologists and entomologists, who have pronounced that it is a deception to the farmer's wife as well. Such a device obviously is contrary to the peace and dignity of the United States and in contravention of the statutes made and in force with respect to such matters, and these particular nest eggs, if longer offered to the public, will accordingly get their purveyors into real trouble.

Equal anxiety on the part of the Government upon another kind of nest eggs might contribute even more to the public welfare and to private happiness. Even in times of business depression the filching of genuine nest eggs by promoters of weird enterprises continues apace.

Sold Any Goods in Iraq?

IRAQ has not got into the vocabulary of most of us, but it is pretty sure, sooner or later, to become better known in western lands; for it is the name of an Arabic kingdom which came into existence as one of the results caused by the European war in the region we have known as Mesopotamia.

In such a land thoughts center about rivers. It was not unnatural for the new king in September to speak of his people as the sons of the Tigris and the Euphrates and to designate British business men as the sons of the Thames. The occasion was an address presented to the king by the British Chamber of Commerce in Bagdad. Figures of speech are appropriate in the East. Trade was described as a large tree with spreading branches, and there was reference to its relation to the pillars of peace. The king responded in kind, laying stress upon the ties of covenant between the sons of the Thames and those of the Tigris and Euphrates.

So ancient a country is clearly entitled to its figures of speech.

A New Reservoir of Credit

The old London pool of money has gone dry; the demand for longer credits can be met by international bonds issued on the ter Meulen plan

By SIR DRUMMOND DRUMMOND FRASER

SIR DRUMMOND DRUMMOND FRASER is the organizer of the ter Meulen plan for international credits explained in *THE NATION'S BUSINESS* for October by F. O. Watts, president of the First National Bank of St. Louis. Sir Drummond has been in this country explaining the plan to bankers and public officials. What he has accomplished and what he believes the plan will accomplish he tells here.—THE EDITOR.

I AM more than satisfied with my visit to America. I have discussed the principle of the ter Meulen plan with your President, Mr. Harding; with the Secretary of the Treasury, Mr. Mellon; with the Secretary of Commerce, Mr. Hoover; with the Managing Director of the War Finance Corporation, Mr. Meyer; with the Comptroller of the Currency, Mr. Crissinger; and with Senator Edge.

I find, without exception, that the plan appeals to them, and provided it is acceptable to the men of commerce and the bankers, they are prepared to do all in their power to give it a fair trial. I know, beyond any question of doubt, that if the plan I am organizing is given a fair trial its success is assured.

I ought to add that Mr. Harding, the Governor of the Federal Reserve Board, has shown me from the Federal Reserve Act that the ter Meulen bond is a satisfactory basis for the discounting of bills under that act.

The root of the plan is the provision of a guarantee (ter Meulen bond) from countries requiring credit for essentials. And one must always bear in mind two facts: the debtor part of Europe is crying out for goods; creditor nations—such as, for instance, America, now the greatest creditor nation of the world, with its highly equipped machinery and highly developed organization—are crying out for full employment.

The first underlying principle of the plan is that a participating country must be able, at no distant date, to balance her expenditure by her revenue. This will help to stabilize exchange, restore overseas trade, and reduce unemployment.

Credit is the fundamental need. The ter Meulen bond leaves intact the ordinary channels of trade. It provides a reservoir of credit which can be tapped by American exporters for genuine trade. The importers' countries will be required to hand over national securities for the bonds. The bonds will be granted for use, either by the government itself or by duly accredited importers of the country, who will give their own government securities where necessary. The securities required from the countries in return for the bonds must be continuous revenue-producing securities. The nature and value of these securities are carefully examined, a gold value fixed, and the amount of issue determined. The bonds will be payable, both as to the principal and interest, in the currency agreeable to the American exporters. The revenue from the securities will be adjusted to meet three specific demands: the payment of the maturing bonds, the provision of interest and sinking funds, and finally the

formation of a reserve fund to purchase defaulters' bonds. In the last case, the usual procedure must be taken by the exporter. But he has the bond to fall back upon. This bond will either be taken up by the importer's government in payment of debt, or the exporter can sell it on the open market. It is estimated that the sinking fund which will be established by the international organization will be sufficient to purchase defaulters' bonds.

There are importers today who possess honesty, sound individual security, but no cash. The American exporter would like to reopen trade with them. He dare not, although he trusts their personal honesty. Armed with the ter Meulen bond, an importer will be able to satisfy an exporter in America. The importer makes his bargain with the American exporter in the ordinary way. He then hands over his bond as a guarantee of payment and receives his goods in return. The importer has thus secured for his country that which is essential for the livelihood of its people. This releases fresh energy and stimulates fresh activity. The population works harder, production is augmented, revenue is increased. The result is a greater stability in the rate of exchange.

It goes without saying that one must do one's reconstruction with a minimum of interference with the existing machinery of trade, through the ordinary individuals, the customary importers and exporters. It is wiser to recreate the existing machinery than to scrap it and start afresh. In other words, the pre-war short-time credit must be turned into after-war long-time credit. Instead of a reservoir of pre-war credit London sterling bills, we now want a reservoir of credit—ter Meulen bonds.

The Need for Longer Credit

THE pre-war reservoir of credit consisted of a London sterling bill of exchange which met the payment of goods and services throughout the world. When the war broke out it was known that the outstanding liability on these bills amounted to not less than two billion dollars. I estimate that over half that amount was circulating in the world outside the bills held by the European market. The bulk of these bills for over one billion dollars was held by banks, a self-liquidating, interest-bearing security; an entirely satisfactory substitute for gold. This reservoir of credit today has dried up, because importers require longer credit. That longer credit can be supplied by the international ter Meulen bonds.

I am an incurable optimist. But have I not some grounds for being so? Let me take, as an example, your burden of an abnormal gold reserve. The bill reserve before the war balanced the trade of the world. Today, with the sole exception of America, the other countries of the world have balanced their trade with the actual increase in the gold held in Europe and in the other countries. The abnormal increase in America is after all only one billion dollars, which I unhesitatingly say that a reservoir of credit in the form of ter Meulen bonds would readjust in a short time and maintain an equilibrium of trade just as pre-war bills did before the war.

The depreciation in currencies is the bugbear of economists but surely not of the practical financier! Take my own country a hundred years ago. It had a depreciated currency owing to the Napoleonic wars. Your country had a depreciated currency within the memory of some of you, owing to the Civil War. France, fifty years ago, had a depreciated currency, owing to the Franco-German War. All these countries recovered quickly, because they had natural resources, which overcame depreciated currencies.

More Government Banking?

POSTMASTER GENERAL HAYS wants to extend the postal savings system. He has charged that its treatment of its depositors amounts "almost to fraud" and makes the indictment more specific. Says he: "With \$161,000,000 on deposit last year and with the law providing that 2 per cent interested be paid, the Government, because of the system, paid less than 1½ per cent, and by redepositing at 2½ per cent made a net profit over all interest payment and expenses of \$1,720,000. This was sheer profiteering."

Mr. Hays figures that "there is a tremendous hoarded wealth in the country estimated at a billion dollars. The savings banks cannot bring it out. The postal savings has not yet brought it out."

The Postmaster General thinks the postal savings system would bring it out, and Representative Steenerson has introduced a bill amending the postal savings act on these lines:

Increase the interest rate from 2 to 3 per cent with a compensatory rate charged the banks where the funds are redeposited.

Trustees of the postal savings system should have discretion to pay depositors interest for periods of less than a year.

Joint and trust funds should be allowed and the youth limit for depositors (10 years) be removed.

The limit for one depositor raised from \$2,500 to \$3,000.

Mr. Hays is credited with a desire to extend the service to 50,000 post offices, to pay postmasters commissions on deposits, and further to stimulate the postal savings by spending a million dollars in advertising.

Bankers throughout the country take exception to the basic theories of Mr. Hays. They doubt that there is a billion dollars in hiding, and they doubt that the postal savings system can bring out what there is. Mr. Hays was asked by an officer of the American Bankers' Association on what he based that figure. He replied that Eugene Meyer, Jr., has placed the amount at two to three billions, while Vice-President William E. Knox, of the Bowery Savings Bank, put the figure at less than five hundred million. Other bankers think half a billion much too high.

Nor do the bankers think that Mr. Hays' plans will bring out large amounts of money which the savings banks have failed to reach. The argument that has been chiefly used for the postal savings system was that it appealed to the foreign born who trusted the Government. The post office department has said that 75 per cent of the money deposited with

STRAIGHT LINE METHODS

A Message

To the "so-called" low-salaried Bookkeepers and Clerks of today

YOU furnish the material from which will be selected the high-salaried Accounting Executives of tomorrow.

Accounting knowledge and executive ability are acquired only thru hard work, intensive study, and sacrifice. There is no easy way. Personal development and advancement in any line follow the same old processes. Recognize them, accept them, practice them.

Go deeper than the debits and credits of your daily routine. Think in terms of Finance, of System, of Economy. Develop for your employer more than a trial balance.

Familiarize yourself with costs—so that you may be able at all times to furnish your executive with dependable Figures and Facts.

Avoid the feeling that the present is an era either for or of depression. *For you it is not. It is your opportunity in your job.* Your Character, your Ability and your Industry are *needed* now.

Great awards await you—if you *know* and will apply your knowledge persistently, intelligently, in the interest of the house you serve.

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TAX SERVICE

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CHICAGO
MINNEAPOLIS
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ST. LOUIS
KANSAS CITY

CLEVELAND
BUFFALO
PITTSBURGH
DETROIT
CINCINNATI

INDIANAPOLIS
TOLEDO
ATLANTA
RICHMOND
BALTIMORE

NEW ORLEANS
DALLAS
FORT WORTH
HOUSTON
DENVER

STRAIGHT LINE METHODS

the postal savings system belonged to persons of foreign extraction, which is a vague statement and less impressive when one recalls that the postal savings deposits on August 31 had dropped to \$152,400,000, while New York State has in its mutual savings banks \$2,648,000,000. Detroit had on June 30 of this year \$940,000 in postal savings and \$214,800,000 in bank savings deposits. Detroit has a large foreign population. New York leads the states in percentage of foreign born.

Bankers also criticize Mr. Hays' statement that the Government made any such amount as \$1,720,000 from the difference between the 2½ per cent paid by the banks and the 1½ paid to depositors. They feel that a large amount of the postal savings profits were made by the purchase of government securities, a practice not entirely commendable.

Objection to the Steenerson Bill has been made by the Chamber of Commerce of the United States on the broad general ground that it contravenes the resolution of the Chamber which declares:

It is essential that our government should scrupulously refrain from entering any of the fields of transportation, communication, industry and commerce or any phase of business when it can be successfully undertaken and conducted by private enterprise.

The American Bankers' Association, through its economic policy commission, at its Los Angeles meeting in October also went on record against the Hays plan, saying:

The commission reaffirms its opposition to any changes in the postal savings system making it a more active competitor with the regular banking institutions performing complete banking functions, which includes lending as well as receiving deposits. The fundamental weakness of the postal system is that it is not qualified to make use of the funds in the localities where they belong. The plans necessarily look to a transfer of the funds for investment by some central authority, a system inevitably injurious to the communities that are largely dependent upon the savings bank for the funds used in house building and other local investments.

Wanted: A Ship Salvager

SECRETARY HUGHES' proposal for naval disarmament, if it is put into effect, besides lightening the taxes of the country, offers a direct opportunity to establish a new and profitable industry—that of ship breaking up and salvage. We have no concerns of any size engaged in ship breaking up, but if we are to be a permanent maritime country this industry must be developed here. Our growing merchant marine will be a constant feeder to it, and the possibilities for profit in the proposed partial naval disarmament plan are great.

The Navy is offering a number of vessels for sale at the present time, and considering the possibilities opening up in this field, expect to find ready purchasers for them. Today with our big shipyards idle, or nearly so, with many of our steel plants working on part time, navy officials feel that the managers of these inactive enterprises will recognize the possibilities and make the few changes in their plants that will be necessary to handle this type of work.

Ship wrecking and salvage is a necessary adjunct to a merchant marine, and American business men might well follow in the footsteps of their seagoing English cousins in the establishment of this profitable industry. That it has proved profitable to English business men is best indicated by the fact that the number of concerns so engaged has

increased by over 200 per cent in the last few years, and the fortunes that have been made rival some of those piled up during the height of war and post-war activity.

With the present navy offering of ships as a beginning, with a number of Shipping Board vessels available for breaking up at the present time, with the likelihood of a great many more war ships soon to be thrown on the market and the future prospect of a constant flow of merchant vessels unless business men are willing to see a share of the natural part of the profit from America's merchant marine go overseas they must organize to grasp this opportunity. Not often in this day of high industrial organization is it possible to find a new and non-competitive field open for exploitation.

The material salvaged will be engines, boilers, pumps and all auxiliary machinery besides iron, steel and copper. Some of this can be used as it is salvaged, while some of it must be reworked.

The equipment necessary according to British Admiralty reports is not extensive. For very large vessels ways or dry dock facilities are perhaps desirable with overhead cranes to handle materials. The breaking up process is not dissimilar to the work of wrecking a modern building. The English companies generally have no dry docks, but with ample water front and a smooth, hard bottom, beach the vessels and then cut away the superstructure with acetylene torches and load the material cut away on barges. The vessel thus lighted is hauled further inshore and the process repeated. The nature of the work does not require skilled labor, and, except for the larger ships where ways are necessary, relatively little capital.

England's Trade Guaranties

FOREIGN TRADE at the same moment, on October 20, was the chief subject of debate in Congress and in the British Parliament. The Senate had under consideration the provisions of the revenue bill dealing with foreign traders and foreign trade corporations. The House of Commons was simultaneously listening to the Prime Minister's presentation of his government's plans to promote foreign trade as a means for decreasing unemployment. In both bodies the question was how to advance the country's business activities abroad.

The approach to the problem differed, however. The proposal before the Senate, which in substance had already been adopted by the House, was for an exemption from our income tax of all persons and corporations in the United States, and all American citizens abroad, that derived 80 per cent or more of their gross income from sales, transactions, or investments abroad, with at least half of their gross income coming from the active conduct of a trade or business outside the United States. Upon becoming entitled to the exemption by having achieved these percentages over a period of three years, the "foreign trader" or the "foreign trade corporation" would be free from our tax upon net income from the gross derived abroad. This was a general plan to tax concerns whose business is practically all conducted in foreign countries only upon such part of their income as comes from sources within the United States.

On the ground that the proposals for exemption went further than necessary to place American concerns upon an equality abroad with competing foreign business houses, the Senate struck out the provisions, except in so far as they relate to business done in the

Philippines and Porto Rico—i.e., in possessions of the United States itself. In the course of debate, however, it was indicated that there was no desire to place American enterprise in foreign countries at a disadvantage, and that an exemption such as England gives, upon income derived abroad by British subjects but not remitted to the United Kingdom, might be acceptable. There is accordingly some reason to think that the conferees between the two houses of Congress, who are now settling the final form of the revenue bill, may recommend such a provision. This conclusion of the matter would accord with the principle for which the organization members of the United States Chamber of Commerce declared last winter in a referendum vote.

In England recent discussion has not turned upon exemption from taxation as a means of encouraging foreign trade. The problem has been to revive industry in order that there may be more employment. It is true that unemployment in England has been decreasing. In June it reached 23 per cent of the workers. By the end of September it was around 15 per cent, a figure that meant there were 1,750,000 workers without employment, and that, in the Prime Minister's words, the problem was even then more serious than at any time since the great slump at the end of the Napoleonic wars.

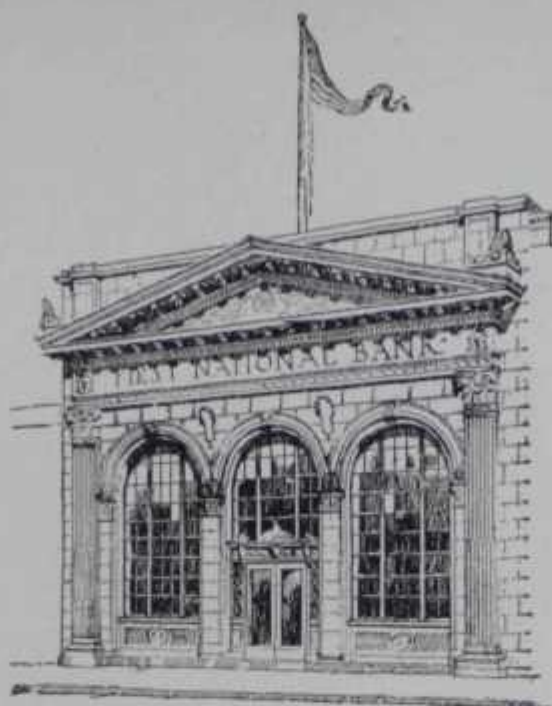
As 40 per cent or more of the products of British industry find markets abroad, an attempt is to be made to increase opportunities for employment by governmental encouragement of export trade. To this end two plans have been devised. The first is an expansion of the present arrangement by which the government guarantees payment by persons anywhere overseas for goods they purchase in the United Kingdom. The guaranty has been to the extent of 85 per cent. It is now to be given for 100 per cent of the amount, and the procedure by which a British importer gets the guaranty in each case is to be simplified. In the event of complete default by the foreign buyer, the government will take 42½ per cent of the loss and the exporter the balance. The period during which credits may be granted, and given this guaranty, has been extended to six years in the case of machinery and other equipment intended, not for immediate consumption, but for capital purposes. For this activity of the British Government, £26,000,000—around \$100,000,000—is available.

At the same time £25,000,000 additional is made available for even more direct support of British export trade. This second plan contemplates that, through incurring liabilities up to this amount in the aggregate, the government will guarantee the payment of interest on loans made to governments or individuals for the purpose of financing any capital undertaking of an essential sort, such as railway extensions, electrification, and waterways, on condition that the expenditure of the money is calculated to promote employment in the United Kingdom.

In other words, this is a plan to use the government's credit to reduce the cost of money for such enterprises, and thus enable them to proceed, on condition that they take the machinery and equipment they need from Great Britain.

It was a coincidence that the national importance of foreign trade was under consideration on the same day in the legislative bodies of the two great English-speaking countries. It serves to emphasize, however, that problems of international trade are closer to the thoughts of men than ever before.

Design, construction and equipment by Hoggson Brothers at a guaranteed cost.



The period is Italian Renaissance. The building is forty feet wide of granite and limestone.

THE FIRST NATIONAL BANK
LAKE GENEVA, WISCONSIN

How Hoggson Brothers Favor Local Building Interests

ON all Hoggson contracts before making purchases and letting subcontracts, local material dealers, local subcontractors and other existing local industries are given an opportunity to bid in competition and to demonstrate their ability to serve the bank.

Local labor is favored, whenever it is available; "common labor", carpenters, bricklayers, plasterers and other trades being hired direct by our superintendent.

For the building shown above, such items as sand, gravel, lumber, hardware, plumbing, heating and wiring were all secured in Lake Geneva as well as such local labor as was available.

A contract with Hoggson Brothers ensures every consideration for local interests.

HOGGSON BROTHERS—NEW YORK-CHICAGO
Bank Builders



Westinghouse

ELECTRIC LOCOMOTIVES, LINE AND POWER PLANT EQUIPMENT

VISION

Steam from a kettle and the vision of that famous Scottish Inventor, Sir James Watt, gave to the world the steam engine.

The vision of Benjamin Franklin who with his historical kite demonstrated that lightning is an electrical phenomenon, acquainted the world with its most powerful servant—Electricity.

The vision of George Westinghouse in forcing the development of alternating current, led to the great expansion

and universal use of Electric Power in all Industry.

In Railroad operation, Electric Power has been demonstrating its suitability, in the many classes of service.

The future of Railroad Electrification will demand the concentration of large amounts of power at each moving train.

The expansion of traffic will be effected by hauling heavier trains at higher speed, over existing trackage.

With precedent as a guide, the Westinghouse Electric & Manufacturing Company maintains that future Railroad Electrification will reach its highest service and expansion through the use of high voltage and the Alternating Current system.

Based on the tradition of its founder, the broad experience of the Westinghouse Engineers places them in a favorable position for giving assistance to all railroads for the Electrification of their lines.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY (Offices in all Principal Cities • Representatives Everywhere)



WESTINGHOUSE Railway Electrifications are world-wide in distribution, and each separate installation is engineered to best meet the particular requirements that the operating conditions demand.

Westinghouse

ELECTRIC LOCOMOTIVES, LINE AND POWER PLANT EQUIPMENT

After the Holiday Demand Business Will Return to the Wholesome Pangs of Readjustment

BY ARCHER WALL DOUGLAS

IT IS A significant event in the world of economics that the St. Louis Clearing House recently suggested general discontinuance of bank clearings as being in any manner a comparative measure of business happenings, thus following the example of the Federal Reserve Bank, and substituting instead actual bank transactions. For some years there have been outside Philistines who sized up bank clearings as an antiquated delusion which misled instead of informed, but such was the potency and force of tradition in economic thought that the words of common sense and intelligent analysis were the

What seems to lie ahead of all forms of distribution is the usual seasonal activity, tempered and modified by changed circumstances, but still of somewhat better cheer till the holiday season is over, and then if not a winter of discontent, one of quietude, of preparation for more constructive things during the coming

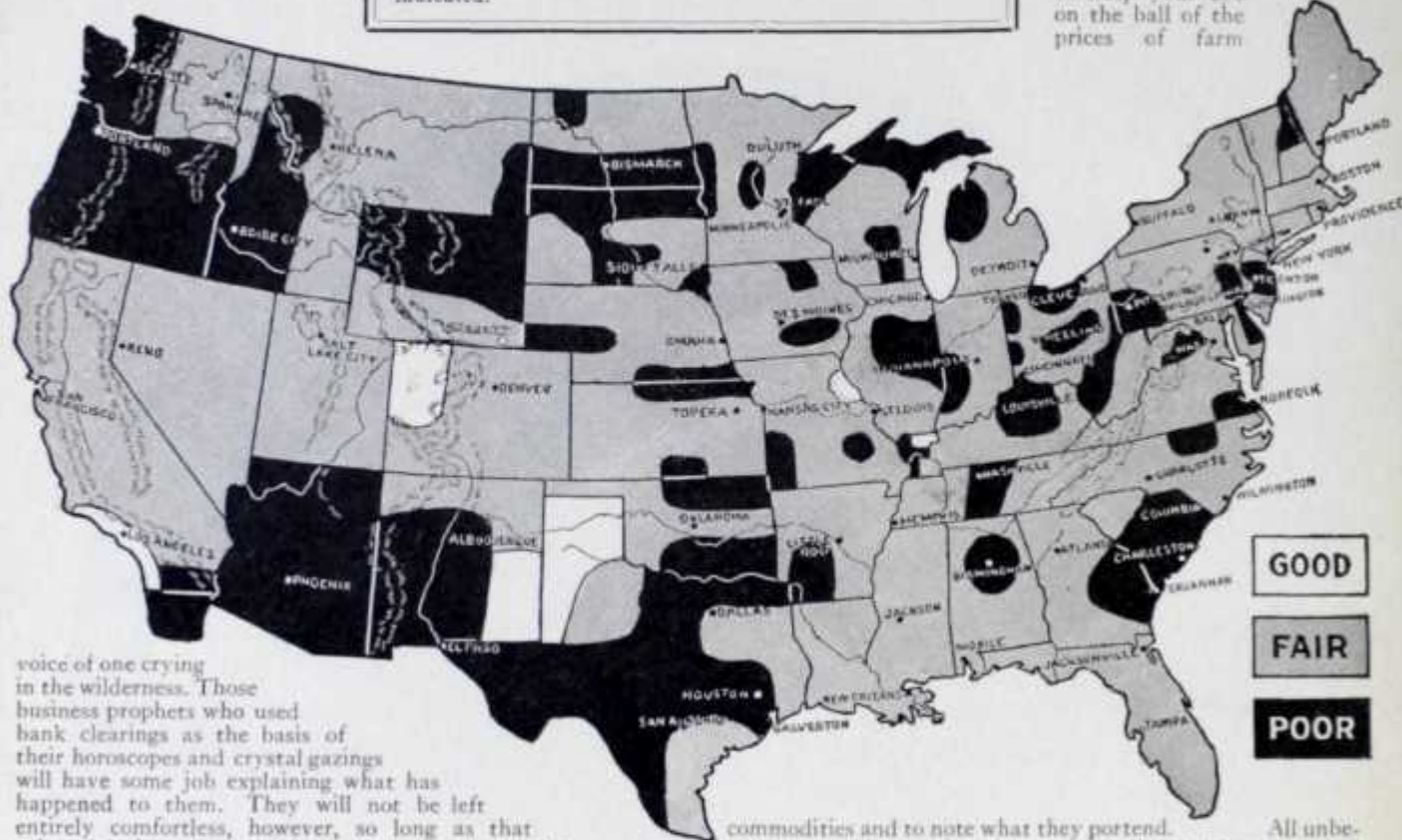
season, and of slow and unceasing adjustment. There will be plenty of barometrics to tell the waiting business world the things it wishes to hear after the fashion of the children of Israel who asked the prophets of Jehovah to prophesy pleasant things.

The best bet is to keep your eye on the ball of the prices of farm

Business Conditions, November 11, 1921

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



voice of one crying in the wilderness. Those business prophets who used bank clearings as the basis of their horoscopes and crystal gazings will have some job explaining what has happened to them. They will not be left entirely comfortless, however, so long as that other delusion, the gyrations of the stock market, is not entirely discredited.

Even the nearest measure of actual business conditions and of the volume of trade, that of the amount of distribution that reaches down to the ultimate consumer, cannot safely be taken at its face value without some analysis of its causes and of its nature. For some months this year the business of the department stores in the cities ran counter to all surface indications and put all the barometric fetishes out of business. It was a peculiar case of good merchandising and a display of that selling instinct that knows how to appeal to the buying tendency that dearly loves a bargain. There were still those who had money to spend for other than necessities, the pinch of unemployment had yet to be felt in its full force, and growing necessity had not compelled that curtailment in buying which came on later.

Contrariwise, there was no such story in the general retail trade where there was not the same scope and opportunity for advertisement and exploitation, especially out on the countryside where business practically ceased because purchasing power was struck dead by the fall in price of farm commodities.

commodities and to note what they portend. All unbeknownst to his conscious intent, the embattled farmer started something when he reverted to the elemental principles of barter and began reckoning the value of things he purchased in terms of things he produced. For immediately it became apparent that his wages and salaries have been cut in a drastic fashion not experienced by any other industry, since the things he sells constitute entirely the measure of his purchasing power. The only modification of this is that he raises many essentials, mostly food, for his own use, and does so at less cost than other consumers, on the whole, obtain them for.

During the past four years prices of leading agricultural staple crops and livestock have declined from 50 per cent to 80 per cent, corn holding the record with a drop like that told of the rebellious angel in "Paradise Lost":

From morn till noon he fell,
From noon till dewy eve,
A summer's day.

So that now it takes a bushel of corn to buy a collar and three more bushels to purchase a necktie, and a very modest one at that.

(Continued on page 34)

Do Executives Pass on the Purchase of Your Products?

If they do, here are three cogent reasons why you should use **THE NATION'S BUSINESS** for your advertising:

1. **THE NATION'S BUSINESS** has a circulation of 85,000 a month. Its audience is made up exclusively of executives—the big men in the big firms that do the great bulk of the country's business. It reaches a larger proportion of executives in large corporations than small—more Presidents than Vice-Presidents—more of either than Secretaries, Treasurers or General Managers—and twice as many major as minor executives.
2. These readers are intensely interested in the magazine, as is demonstrated in several ways. A recent letter asking our readers for the names of friends and associates to whom we might address solicitations for subscriptions brought back more than 80,000 names—practically one for every reader—a rare demonstration of reader approval. In the last year approximately 250,000 reprints of articles appearing in the magazine have been sent out at the request of readers for their distribution. More than 70 per cent of the readers of **THE NATION'S BUSINESS** in 1920 are reading it now.
3. This desirable audience is constantly growing at the rate of 1,500 monthly and growing soundly, as no premiums, clubbing offers or special inducements are offered.

THE NATION'S BUSINESS has brought together through common interest this unusual audience of 85,000 readers. It offers opportunity to certain high class firms to address this audience of the more important executives of the country through its advertising pages, without waste and at a minimum of expense.

If you wish detailed facts as to what industries are represented in this audience, where the audience is located and consultation as to how this medium will square with your plans, our representative will gladly call, placing you under no obligation.

THE NATION'S BUSINESS

WASHINGTON

CHICAGO OFFICE
801 Otis Bldg.

NEW YORK OFFICE
1400 Woolworth Bldg.

CLEVELAND OFFICE
1118 Ulmer Bldg.

If wages and salaries are to be adjusted on a general basis where there is no playing of favorites, then it is obvious that one of two things must happen. Prices of farm products must go up, and that can be brought about only by the usual operations of supply and demand, and is naturally a long-drawn-out proposition and one for which no S. O. S. can be satisfactorily replied to. The other, and the one which is slowly and painfully coming to pass, is that the prices of other commodities shall come down to the proportionate level of prices of farm products. This latter process will never reach a complete and entirely equitable basis because selfish human nature plays too large a part in the game. But in time it will be far better than now and far less of a class proposition, as was clearly shown in the overwhelming public sentiment on the matter of the threatened railroad strike.

It is the part of a good sport to take his medicine without "crying," and to learn that team work is essential to general success, and there is a fast-developing sentiment in this country against those who seek to play the game in any other fashion.

The ultimate yield of the corn crop this year will be a good test of one phase of official forecasts made during the growing season. Those in touch with the actual facts have known all along that the ears in many sections were poorly filled because of intensely hot, dry weather during the critical time of silking and tasseling. They were also aware that the depredations of the corn borer were greater than ever before. They have consequently a plentiful lack of faith in estimates made from mathematical formulas by those remote from the scene of action, and of the possibility of damage such as I have referred to being even approximately expressed in condition figures refined to decimal fractions.

Another weakness in these reports is the great number of people who make them. Condition reports of growing crops are nothing but estimates from observations by human beings, and there is a definite limit to the number of such observations that can be intelligently edited and expressed in the form of a digest. The belief that such reports can be truly and accurately set forth in a mathematical formula is as erroneous as it is common. If there is wisdom in a multitude of counsellors, there is also foolishness.

IN DECEMBER Mr. Douglas will receive complete reports on business conditions from every section of the United States. These will be used as the basis of a special survey that will appear in the January number of *THE NATION'S BUSINESS*. This material will come in too late to catch the regular publication schedule. But realizing its value to executives who are making their plans for 1922, we are going to hold up the forms if necessary to get the survey to our readers at the earliest possible moment.—THE EDITOR.

There are some things we import from Europe, especially predatory insects, that were better left on the other side; among them, the Hessian fly, the San Jose scale, and latterly, the corn borer. This destructive pest has been in this country about seven years and is domesticated in portions of eastern New England, central New York, and in a narrow belt along the southern shore of Lake Erie. How to stop its further progress is a problem that does not seem of easy solution. It is most tenacious of life, difficult to reach by poison, and with an insatiable appetite, especially for growing corn, for stalk, tassel and ear all look good to it. The moth that lays the egg that produces the destructive worm is an innocent, attractive looking little insect, the deadly female of the species, with a fecundity that would destroy the corn crop wherever it finds it were it not for natural enemies who keep down its otherwise fabulous increase. We shall hear more of its depredations in the future, and our best comfort must be the experience that no insect enemy of agriculture has ever yet prevented the production of a sufficient supply.

Matters are mending somewhat on the Pacific Coast and in the extreme Northwest as the crops are moving to market. The Imperial Valley is cheered by the advance in cotton as are also the irrigated districts in Arizona, while in the interior of California there are heavy shipments of fruits and nuts not only of holdovers from last season but also of this year's production. Shipments of apples from Idaho, Washington and

Oregon are about 200 per cent greater than for the same period of last year.

Tobacco production is much below last year as the natural result of the experiences of an oversupply twelve months ago. Exports are heavy, but the domestic demand is good only here and there. Growers in North Carolina and Virginia seem to be marketing their crop while in some other southern states farmers are essaying pooling and cooperative methods and with slower sales so far.

There does not any longer seem to be any doubt but that crude oil is definitely on the upturn both as to prices and production, and drilling and "wild catting" have taken on new life. To a man up a tree there has not yet been offered any convincing reason why there should suddenly have occurred so precipitous a decline in both prices and production. The future of oil in demand is based upon too elemental facts to leave any question as to what lies before it in the immediate months ahead of us. Coal mining feels the impulse of colder weather and the insistent demand from those consumers who never learn from experience.

Lumber holds its improvement both in demand and prices, especially in yellow pine districts. Manufacturers of shoes in the West are among the very few who can report that they are actually doing more business than last year and not have it credited to sunshine propaganda.

One of the most important and interesting phases of modern industrial life is the part played by concrete in every form of construction—buildings, bridges, tiling pavements, foundations, and hard surface highways. In special reference to the latter, and in these days of the automobile and motor truck, it is difficult to see what we would do for a comparatively cheap and practically indestructible highway were it not for concrete. It is a material of humble constituents—sand, gravel, slag from the iron furnace—all bound together in indissoluble union with Portland cement. The result is an economical, fire-resistant, permanent building material of wide application that lends itself readily to all manner of artistic, attractive and imposing effects. In its present form and use it is less than a century old and in about fifty years its production in this country has grown from 40,000 to nearly 100,000,000 bags, with still a 30 per cent slack in potential production capacity that has never been taken up.

The Nation's Business Observatory

Timely comment from the trade press on: The settlement of the railway strike; American valuation, a line-up; The arms conference, a business problem

WHAT stopped the railroad strike? And is the danger over or just postponed? Would it have been better to have a strike and settle some things once for all?

These questions run through the business press. One point of view is that voiced by *Engineering News-Record*, which speaks of "the capitulation of the railroad brotherhoods" as "a striking example of the force of public opinion."

It is certain that "public opinion" will have more to say. One result has been the adoption by the investment bankers of a resolution favoring the union in one body of the powers of the Railroad Labor Board and the Interstate Commerce Commission.

The *Financial and Commercial Chronicle*

holds that the brotherhood chiefs realized that "the country is almost solidly against their threatened action." With this premise the *Chronicle* goes on:

If any persons regret this ending of the week they are probably railroad workers, or would-be workers, who were waiting to fill any vacated places, and perhaps those in the general public who at last realize so strongly that it is best "to get this thing out of our system" and be done with it, that they almost longed for the threatened clinch to come and to come right now. But we may note that the rebellious unions are beaten by allowing themselves to be committed to a piece of bluff which used to succeed but has now been "called" and has failed; their attempt to halt the country would have been beaten had they ventured to make it,

and this manner of failure is the better for all concerned.

The better, we say, because it ought to be quite as effectual and is so much less wasteful. For it ought to prevent such a folly as another hostile line-up would be. The rank and file of the railroad men ought to see that they have been misled, both in respect to the substance in their alleged grievances and in their ability to enforce their demands.

The papers devoted to railroad interests see much that is unsatisfactory in the settlement. "A complete surrender by the Railroad Labor Board to the 'solid five' railway labor group was the sacrifice which averted the strike," says the *Railway Review*, which goes on:

Having called a strike, there seemed to be

no way in which they (the brotherhood leaders) could save their face. Rather than back down squarely, which they ought to have done, they quibbled and bargained with officials who should have refrained from this kind of "horse trading." Well did the union chiefs state at the inquiry that they were "fighting for very existence." And, having not only openly declared, but in every way manifested a determination to hold war wages and working condi-



From the Memphis Commercial Appeal

The Vaudevillians

tions indefinitely, why should it not be thus? As we have previously said, this fight was not between the unions and railroad executives, but between the unions and the people, who have been footing the bills growing out of exorbitant wage demands during several years past and who are now objecting to putting up with this extortion any longer.

Considering the manner in which this controversy progressed, the matter lay entirely between the brotherhoods and the Labor Board, and it seemed that the only logical outcome of the situation was either for the brotherhoods to call off the strike and back down, or go ahead with the strike. The public was no longer terrified at the prospect of what might come to pass. In the past few weeks it has, with some resolution, been making up its mind that a strike may, after all, be the least of troubles that might occur.

A gloomy view of the future taken by the *Railway Age* which sees a strike as still possible:

Now it is possible to appraise the developments of the past few weeks correctly, and it is generally agreed that, although a serious crisis has been averted, the "settlement" is but temporary and that the issues which led to the polling of a strike vote have not been settled definitely and will again become of major importance at a time when a threatened walk-out may be fraught with much more danger than at the present time. It is plain, for instance, that the so-called "settlement" of the strike does not obligate the carriers in any way except perhaps not to arbitrarily reduce wages or change working conditions until all of the terms of the Transportation Act have been complied with.

Samuel M. Felton, president of the Chicago Great Western said recently: "Our program for the immediate future, as announced on October 14, remains unchanged. This program includes plans to ask the Labor Board for permission to make further reductions in wages and to pass the savings made in this manner to the public in the form of reduced rates."

(Continued on page 38)

B



Filing Department, Manhattan Rubber Co., Passaic, N. J., showing oak counter-height units installed by Library Bureau.

Systematize your files for the last time

Maybe your office hasn't had trouble with its files but here's the experience of one well-known business typical of many others: as the demands on their files increased, they noticed a let-down in efficiency. Lost letters. Delays. File clerks working overtime.

"Our filing system is inadequate," they concluded. They went to the expense of a new system. It worked for a while. Then it was the old trouble over again. Again they hunted for a new system, adequate for existing needs as well as potential demands.

They came to Library Bureau. After studying their business, we recommended the L. B. Automatic Index. Because it makes filing correctly easier than filing incorrectly. Because it makes quick finding almost a certainty. Because it eliminates 90% of alphabetical divisions and reduces labor costs in the filing department.

Every L. B. salesman is prepared to help you systematize your files for the last time. Invite one to call or—

Write for Booklet "Vertical filing"—no obligation.



Library Bureau

 Card and filing systems Filing cabinets wood and steel

Founded 1876

Boston	New York	Philadelphia	Chicago
43 Federal st.	316 Broadway	910 Chestnut st.	6 N. Michigan ave.
Albany, 51 State Street Alaska, 102 N. Pryor Street Baltimore, 14 Light Street Birmingham, Vault Floor, Jefferson County Bank Bldg. Bridgeport, 389 Main Street Buffalo, 120-122 Pearl Street Cincinnati, 225 Walnut St. Bldg. Cleveland, 243 Superior Arcade Columbus, 20 South Third Street Denver, 450-456 Gas and Electric Bldg. Des Moines, 203 Highland Bldg. Detroit, 1410 Washington Blvd. Erie, Pa., 225 Commerce Bldg. Fall River, 29 Bedford Street Hartford, 78 Pratt Street Houston, 1119 Texas Avenue	Indianapolis, 212 Merchants Bank Bldg. Kansas City, 215 Oak St. Bldg. Louisville, Ky., 508 Republic Bldg. Milwaukee, 620 Current Street Minneapolis, 428 Second Avenue, South New Orleans, 512 Canal Street Newark, N. J., 31 Clinton Street Pittsburgh, 627-629 Oliver Bldg. Portland, Me., 662 Main Street Providence, 78 Westminster Street Richmond, 1223-24 Mutual Bldg. St. Louis, 805-815 Arcade Bldg. St. Paul, 131 Exchange Arcade Scranton, 400 Cornell Bldg. Springfield, Mass., Whitney Bldg. 310 Main Street.	Syracuse, 401-407 Gerry Street Tulsa, 600 Hyatt Bldg. Washington, 243 15th Street, N. W. Worcester, 277 State Mutual Bldg.	Distributors F. W. Wentworth & Co., Bank Francisco, 539 Market Street Seattle, 312 Third Avenue Oakland, 305 Thirteenth Street Portland, Ore., 810 Spaulding Bldg. McRae & Wentworth, Los Angeles, 440 Pacific Electric Bldg. Parker Bros., Dallas, 1918 Commerce Street C. G. Adams, Salt Lake City, 204-206 New Bldg.

FOREIGN OFFICES

London Manchester Birmingham Cardiff Paris



First, the *Flow-Type* set up the type for you. It is simple, speedy and without mechanical complications. A line at a time, the type are set in a segmental drum.



Second, you transfer the segmental drum on which the composition has been set up, to the Multigraph, and look it into place.

THE AMERICAN MULTIGRAPH SALES COMPANY

Executive & General Offices E. 40th St. & Kelley Ave.
Cleveland, Ohio, U.S.A.

December 1st, 1921.

TO ALL WHO ADVERTISE:

There is a letter on my desk from a man who wants to know whether the use of Multigraph-ed letters to help sell his product should be regarded as advertising, or as selling. I will have to tell him I don't know, for sure. It's like to ask him, in turn, if he is sure he knows just what a Multigraph-ed letter really is.

Our Multigraph is, in a sense, the victim of its own effectiveness. The idea of printing a whole letter at once through a ribbon with typewriter type, was a big idea, and met a genuine need. Business adopted the idea and the machine so cordially and completely that the word "Multigraph" has now been spread over a lot of things it was never intended to cover.

I'd like to tell you why we can't accept the nomination. The standards of appearance for business correspondence are set by the typewriter. Until the standards are changed, the best letters will be those produced by printing from type through a ribbon.

That is exactly the Multigraph process, faster than typewriting because it prints a whole letter at once, but otherwise typewriting pure and simple. And the Multigraph, shown opposite, is the first and only successful device that produces letters that way.

Whether you call your use of the mails advertising or selling makes little difference to me. But I do want to urge you to make sure that your "Multigraph-ed" letters are made on a Multigraph. Because in both advertising and selling your best foot is the one to put forward. Compare a real Multigraph-ed letter with one that isn't so real, and you'll get it.

Why do you suppose we print the coupon on the page opposite?

Yours truly,

Tim Thrift
Advertising Manager.

"MULTIGRAPHed"

About Seeing Things Through

Just plain work will serve to get things started, but it takes intelligent industry to finish them. Where most of us slip, in business as well as in sport, is in our failure to follow through. This may not apply to selling any more positively than to other business activity, but the facts do seem to be more clearly apparent in selling than anywhere else.

How many sales campaigns have failed for the lack of one more try, no one can tell; it is a certainty, however, that more of them have been underbaked than overdone. Discouragement is one of the most devitalizing of human weaknesses; witness the one thing that is said about every man who is a success—"he never became discouraged."

Following Through With Follow-Up

Follow-up is the one thing that Direct-Mail cannot do without. We need to realize that the average man's life these days is given over to the ideas that make the best claims on his interest. It is no longer enough to merely "arouse interest," as the sales teachers used to tell us; we must keep the interest we rouse, and we must try to strengthen it.

A new booklet, "Following Through With Follow-Up," contains a lot of good thoughts on this vital subject. You may quarrel with its doctrine if you will (though you probably won't), but you will benefit, in any case, by the stimulation you will get from it. Price, one filled-out coupon, like the one opposite.



Third, you place a Multigraph ribbon (same as a typewriter ribbon, but larger) around the segmental drum.

The MULTIGRAPH TYPEWRITER



Fourth, you fill the automatic with letterheads, start the motor, and the Multigraph typewrites the letters. If desired, the operator can stop or displace the type of another letter while the other is being run.



*There is but one kind of Multigraphed letter—
that produced on a MULTIGRAPH TYPEWRITER*

FILL IN AND MAIL THIS COUPON NOW!

AMERICAN MULTIGRAPH SALES CO., 1818 E. 40th, Cleveland, Ohio—I would like to know how Direct-Mail can pay its way in the _____ business. And I would also like you to fill the requests checked below.

- ☐ Send me the booklet, "How to Compile a Mailing List"
- ☐ Send me the booklet, "Following Through With Follow-Up"
- ☐ Send me the booklet, "How to Sell in a Buyers' Market"
- ☐ Send me the booklet, "Blazing the Trail—The Right Way to Make a Start in Advertising"
- ☐ Send me information about the Multigraph
- ☐ Send a representative to tell me about Direct-Mail Selling and how the Multigraph makes it so economical.

Firm _____

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Town _____ State _____ Nat. Bus. Dir.

Completeness



"The Mark of Quality"

A recent trip through our bindery revealed the following products in the process of completion: one thousand four-page folders in one color for a Cortland, N. Y., customer; five thousand maps for the State Railroad Commission of California; an extremely technical hand book of two hundred pages, bound in full leather; a summer resort folder in four colors for a Florida customer; a mechanical catalog for a New England manufacturer.



That's what we mean by
"The Complete Press"



The
Matthews-Northrup
Works

Planners - Designers - Engravers
Printers - Binders

New York Buffalo Cleveland

Editorially the *Age* thus defines the issue:

The public has no right, moral or legal, to insist through one government body that the railways shall maintain the present wages and through another that they shall make reductions in rates, which, if present wages are to be maintained, will be disastrous to the railways financially and render them incapable of putting their properties in shape to handle the larger traffic that is bound to come.

The *Iron Age* sees little that is hopeful in the so-called "settlement":

With the help of the Railroad Labor Board, the five railroad labor unions found the way they had been looking for, to call off the strike. Much as every buyer of food, clothing and other commodities has suffered and is still suffering from the excessive cost of transportation, due to excessive railroad labor cost, there is a feeling of relief that the public has been spared the calamity of a general suspension of traffic. Yet nothing has been determined by the so-called settlement of the strike issue, if we except the assurance the union leaders got from the Labor Board that any further effort to reduce railroad wages would be a long time in process, and that even the beginning of a hearing on such a proposal would not be reached until 1922 was well advanced.

A "mistake" is the view of *Manufacturers' Record*, which says flatly that a strike would have been a lesser evil than the compromise:

The railroad strike is over for the time being, but once more the nation has made a compromise, which, while less disgraceful than the surrender in the Adamson Bill, will simply serve to encourage the railroad labor union men to believe that in one way or another they can ultimately dominate the situation.

This country wanted to see the matter threshed out to a final round. It was prepared to meet the threat of the railroad brotherhoods. Temporarily things may be bettered by the compromise forced upon the country by the War Labor Board, but the compromise will only serve to do harm ultimately rather than good.

There was never a time when the country could have better afforded to let the railroad men strike, and strike to their heart's content; and then the question would have been settled to the everlasting good of the whole country and of all classes, by showing that no one class in this country can year after year threaten to starve the rest of the country into submission.

The same paper declares that "every day of good road building and the development of the motor truck which passes is driving a nail into the coffin of the power of the railroad brotherhoods," an opinion which it is interesting to compare with this from the *Engineering and Mining Journal*:

The eastern railroads, running through the most populated portion of the United States, enjoyed not so very many years ago great prosperity, while the western railroads, serving the long, thinly populated stretches, had hard times and small pickings. Today the situation has changed.

It is, in fact, the dense population which makes railroading in the East, especially in New England, a difficult financial problem. It is a region of short hauls, "one continuous terminal," as has been exaggeratedly but trenchantly stated; and this means great expense to the railroads, and a difficulty in covering the cost of hauling freight at so much per ton-mile.

The most important development, hinging upon the dense population, is that of good roads and the motor truck. Especially at night, the excellent main highways carry almost continuous lines of great freight trucks, thundering along at 30 or 40 miles an hour. Without having access to figures, we do not doubt, from observation, that more freight is hauled by truck between New York and New Haven than by rail.

In the United States in general it is stated that in 1920 motor trucks transported 480,000,000 tons, and naturally most of this is in the short-haul populous districts.

Lining Up in the Fight on the American Valuation Plan

IN the earlier days of putting together the pending Tariff Bill, the proposal for basing ad valorem dues on American valuations seemed to stir little opposition, but the opposition was only sleeping. Last August THE NATION'S BUSINESS said in its first article on the new tariff bill:

The basis for assessment of ad valorem duties sounds like a technical subject but it is in a fair way to having a deal of popular expounding.

It's getting it. A well-organized campaign against the clause is being made. Here are some opinions which serve to show the industries which favor the old method:

The Shoe and Leather Reporter:

Hides and skins are contracted for abroad many months before they are shipped and frequently six more months elapse before a given shipment can be offered for sale as finished leather. The American Valuation plan would throw us into a vortex of new experiment at a time when difficulties of credit and discriminative foreign export duties already severely handicap importation.

The Dry Goods Economist:

We oppose the American Valuation plan on the following grounds: If effective in intent it would restrict imports and hurt the export trade. The United States always has surplus goods which must go abroad and payment must be largely in foreign goods. Failure of the export trade means reduction in public buying power, unemployment increased, and a blow at attempts to build an American merchant marine. Imports act as a check on rising prices. Restricting imports means weakening competition and resulting freedom to raise prices on domestic goods of the same kind, even on goods not competing with the domestic goods. The proposed plan would make impossible a calculation as to sales possibilities in this country, since this depends on the selling price, which could not be estimated as far ahead as buying must be done.

The National Provisioner:

Objection to the so-called American Valuation plan in the Fordney tariff is very general in meat packing and allied industries. Its practical effect is to build a stone wall so high that foreign goods which we may need cannot get in, and to block the only way to build up a foreign credit here on which the American producers can sell abroad. It operates to destroy the foreign outlet for the products of the farmer and the livestock producer. Without such an outlet his income is imperiled and his buying power reduced.

A typical statement from the other side is this from *Toys and Novelties*, which, we may assume, is speaking for American manufacturers affected by keen German competition:

On the 18th of October the German mark reached a new low level of .52 cent; practically half a cent, or to be exact, 192 to the dollar. How do the opponents of American valuation get around the fact that this drop in value will deprive Uncle Sam of a big chunk in revenues?

A lot of German imports now arriving were bought when the mark was around 1 cent. When the mark drops to ½ cent the duties paid to our government will be just one-half what they would have been had the mark remained at one cent.

Why continue to use a discredited, dishonorable, unreliable standard of measure like the mark, when we can use the good American dollar for this purpose? Let the American

dollar guard the U. S. customs receipts. Why let the German mark continue to loot it?

American valuation is the only remedy for the intolerable and humiliating situation.

What Has Put Up the Price of Petroleum? Seven Reasons

WHY has the price of crude petroleum advanced? "A hundred 'experts' are telling why," says *Oil, Paint and Drug Reporter*, but "there seems to be little agreement among the explanation offerers except in the matter of looking upon the law of supply and demand as somewhat out of joint."

Seven reasons are listed in *The Oil Weekly* of Houston, Texas, for the present condition. They are:

1. Increase in consumption. August figures of the Bureau of Mines, just released, show that during that month there was a total of 503,000,000 gallons of gasoline used, which drew 116,000,000 gallons from storage, and at that rate the entire stocks of gasoline now in the tanks of refining and marketing companies of the country would be depleted in less than five months. This, in spite of the fact that there was an actual increase in production of gasoline in August over July records.

2. Increased exports. With the exception of lubricating oils all products of petroleum showed a greater foreign demand in August than in July. Exports of gasoline increased 75 per cent. Exports of kerosene increased 20,000,000 gallons.

3. Revival of business.

4. Decreased drilling. Because the production of oil is a matter that cannot be quickly adjusted to any emergency, the actual production of crude does not reflect the tremendous decrease in the amount of drilling for new production that was inaugurated early in the year.

5. Promise of world demand. What the limitation of armaments conference will accomplish is yet to be determined. Regardless of this factor, however, which would influence to some extent the demand for fuel for naval requirements, the majority of carriers under construction and to be constructed, will call for oil as fuel, if there is any assurance that the demand can be met.

6. Conditions in Mexico. Production has been curtailed in Mexico by water troubles. During September the shipments of petroleum from Mexico were more than 16,000,000 barrels, which was a record for 1921, with the exception of January. The highest point that shipments reached in 1920 was 17,000,000 barrels.

7. Adjustment of intrinsic values. Measured by any scale you will petroleum products have been selling below their intrinsic values for the past six months. Especially is this true of crude oil. The cause was plain; a temporary decline in demand could not be met with a corresponding decline in production, and the industry was not accustomed to carrying any great amount of accrued stocks. The market, therefore, was prostrated, and for a period of time petroleum and its products actually sold far below their real and relative values.

The *Reporter* already quoted is somewhat suspicious of all reasons but inclined to put more faith than hitherto in Mexican rumors:

There are rumors of a somewhat more than ordinary sort, in which it is almost absolutely necessary to place considerable credence, if any explanation of the rising crude market is to be arrived at. These rumors have to do with the Mexican supply. They foretell a positive shortage of oil from that source, although they do not go behind the shortage to indicate whether it will result from natural causes or manipulation.

Rumors of that sort are nothing new, but the latest crop has in certain directions resulted in instructions to stop sales pending



A HARBOR FOR THE PRESENT AND FOR THE FUTURE

Philadelphia's harbor has adequate facilities for export shipping from immediately adjacent territory and also from the Far and Middle West. Its comprehensive plans for harbor development will give it facilities to care for the broadened trade which the future holds in store for the United States.

Twenty miles of water front with wharves and docks of modern construction, a 35-foot channel dredged to pier bulkhead lines, warehouses on piers and on land, ready railroad access to vessel's side, lack of port congestion, and low port dues present Philadelphia's claim to the country's shipping.

For banking facilities, shippers will find The Philadelphia National Bank prepared in every way to handle domestic and foreign business. Our trade information will be of value to you.

THE
PHILADELPHIA
NATIONAL
BANK
PHILADELPHIA, PA.



When your hands are idle —plant a tree

SO counselled a wise old Scot who had witnessed many saplings reach the fullness of mature beauty. Living, a tree adds to the richness of life. Fallen, it is privileged to enter into the building of a home, a fine book, an admirably designed table, or serve as an humble carrier of goods.

"Only God can make a tree"—but any man may plant one. More power to the reforestation movement, which will make available an increasing supply of wood, sorely needed for this and succeeding generations.

The manufacturers who convert lumber into paper, building material, furniture, ships, boxes and ten thousand other useful forms recognize The National Shawmut Bank as an old established institution which heartily welcomes opportunity to be of assistance.

Many great shipments of lumber from the forests of Maine and Canada, as well as mahogany, teak, ebony and other imported hard woods, are financed through this bank. Where great distances separate the shipper from the receiver, Shawmut's world wide representation insures that all financial transactions will be under our constant supervision to insure accuracy and speedy transmission.



Shippers and buyers of lumber, also interested banks, are invited to use Shawmut's facilities

THE NATIONAL SHAWMUT BANK of BOSTON

Capital, surplus and undivided profits, \$22,000,000

further price revision. Such a result, in the face of the enormous quantities of oil now coming in from Mexico, seems to indicate that the rumors have a fairly firm foundation; in a way hints that they are something other than guesses as to when salt water will take the place of petroleum in Mexican oil fields.

The Armament Conference As a Problem of Business

WHAT'S "the biggest business conference?" That on unemployment? Not in the opinion of the *Engineering News-Record*, which claims the title for the conference on the limitation of armament and thus justifies the name:

In less than a month the disarmament conference—or, better, the conference on the limitation of armaments—will be in session in Washington. Most people look upon it as a gathering for the discussion of problems in international politics. As a matter of fact, it is the biggest business conference in many a day.

It is a business conference not merely because the limitation of armaments would turn billions of capital into productive instead of destructive directions, but because the China question, which will be discussed prior to disarmament, is chiefly a business matter. If a constructive and conserving program for China's future can be mapped out by unanimous consent, reduction of armaments will logically follow. The center of possible future world disturbance has been shifted from Central Europe to the Pacific.

Essentially the Chinese question is that of maintenance of the "open door," the right of all nations to trade in any part of China on an equal basis, to make investments there unaffected by the preferential interests of other nations. In short, it is a matter of determining on what basis American business men, as well as the business men of every other nation, shall be permitted to share in Chinese trade.

Cotton Prices and the Part That Foreign Supply Plays

TEXTILE WORLD suggests that spinners and speculators need to take a wider view of world stocks of cotton and the future price of cotton. It says:

This country normally produces two-thirds of the cotton consumed in the world, but, if present minimum estimates of the domestic crop prove correct, it will not this season produce much in excess of half the total world production, present minimum estimates of which approximate 12,750,000 bales of 500 pounds each. Last year, out of a total of 15,077,658 bales consumed by world spinners, a little over 62 per cent was American and a little over 38 per cent foreign cotton.

With a reduced supply of American cotton it is plain that world spinners must draw more heavily than usual upon cotton produced in other countries, and that they are already adjusting themselves to such a change in their sources of supply is amply proved by statistics of the International Federation of Master Cotton Spinners and Manufacturers' Associations for the year ended July 31, which showed that unusually large supplies of foreign cottons were included in mill stocks at that date.

Completing the International Federation's figures by the addition of Japanese stocks there was a total carry-over by world spinners of 4,293,183 bales, of which 49.4 per cent was American and 50.6 per cent foreign. There is circumstantial evidence in the latter figures of the ability of world spinners to adjust their cotton takings on a 50-50 basis between American and foreign supplies. If these estimates and this reasoning are approximately correct, then cotton prices cannot be expected to be finally stabilized until the speculative market is readjusted to world conditions of supply and probable consumption.

Log of Organized Business

Land for Ex-Service Men

THE CHAMBER OF COMMERCE of the United States is committed to advocacy of a national system of reclamation for waste areas. This system is to be initiated by adequate Federal appropriations. The National Chamber's declaration in favor of such a plan was made at the last annual meeting, which had in mind means for affording ex-service men an opportunity to cultivate the soil.

Numerous organizations in the Chamber's membership have adopted resolutions asking that the Chamber go further than the general declaration and broaden it for the purpose of including the whole question of provision of rural homes through reclamation.

At the end of September, the Board of Directors considered these requests and decided that the matter was of such importance that a special committee should be appointed to study the whole subject, including bills which have been introduced in Congress, and present a report to the board with recommendations. Of course a report of this kind may become a basis for referendum through which the National Chamber will be committed upon the principles involved.

President Deffrees has written a number of prominent members of the National Chamber asking them to serve upon this committee, and it is probable that the first meeting will be held very soon in Washington.

Less Unemployment

RESPONSES to the appeal of President Deffrees asking organization members to give their support to the emergency program for the relief of idle workers, as advanced by the National Conference on Employment, have been coming in steadily. Replies have been received so far from 119 commercial organizations and may be summarized as follows:

1. Situation normal or at least not serious... 39
2. Situation not alarming or getting in hand... 24
3. No clear indication of employment conditions but community organized for work... 20
4. No indication of situation, but will cooperate with mayor or local organization... 36

The cities replying are widely scattered, indicating that unemployment is spotted and is far from universal.

Most of the cities reporting normal are not great industrial centers. Employment appears to be least noticeable in the south, and the situation in many western and middle-western cities appears not to be bad.

It has been noted that commercial organizations in a number of cities had moved to relieve employment before the appeal went out. Many had successfully dealt with the problem through part-time employment and through public work projects.

Not a single city reported an alarming situation, but this is to be expected and can be explained as due to a certain amount of local pride.

The replies generally show that the manufacturing industries in many lines already are on the mend.

International Chamber's Program

THE SECOND annual meeting of the International Chamber of Commerce will be held in Rome, Italy, during the week of September 18, 1922. The date for the next meeting was decided upon at a meeting of

"Press It from Steel Instead"

Pressed Steel
Weight 9 lbs. 7 oz.



Aluminum Casting
Weight 9 lbs. 8 1/2 oz.

Pressed Steel Saves 33 1/3 Percent

ABOVE is pictured an interesting example of the work being accomplished by our Engineering Department in redeveloping cast parts into pressed steel in connection with small castings welded on.

The cast aluminum part was rather complicated but our engineers worked on it until they finally replaced the aluminum casting with the pressed steel part, with inserted steel flange and cast iron elbow welded on.

The extra effort was very much worth while to the manufacturer for whom we did the job, as it saved him 33 1/3% over the cost of the cast aluminum housing cover he had been using and gave him a steel part

weighing practically the same as the former aluminum part.

It is jobs like this that make the redevelopment work we are doing so interesting. Sometimes we get a part on which we can't make a saving. In most cases, however, where a cast part has been sent to us for redevelopment, we have been able to show the sender that we can save him money and very often weight as well by replacing his cast part with a stronger, lighter and less expensive pressed steel part.

Send us a sample or blue print of a cast part you are now using, and we'll be glad to tell you whether we can do the same for you.

Please send your sample to our Engineering Department

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER			
AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TRAIL & WEIGHT RIGS - PLATE	RADIATOR HOSES - CRANK CASE	SET TIRE FLATIRON - TIRE FLANK	SAFETY CHAIRS - FACTORY PATTERNS - RAILROAD
14700 LAMPED - TRUCKS & LUMBER	HOUSING COVERS - BRACKETS -	FLUENTIAL CAR WHEELS - WHEEL JOINTS	AND OTHER RIGS - LARGE STEEL LUMBER
BRASSWORK - PLUMBING - STEEL	CLUTCH HOSES - STEEL HANDING	SAFETY GLASS - RAILROAD	STEELWORK - BRASSWORK - AND FURNITURE
LAND MOLES - REELS	TRUCK FLANKERS	COMPOSITE RIGS	WATERWORKS & SPECIAL LATH

THE YOUNGSTOWN PRESSED STEEL COMPANY
WARREN, OHIO



All our factories are now consolidated in one big new plant at Warren, O.

Youngstown
PRODUCTS



OUR TWENTY-FIFTH ANNIVERSARY

This year the little *25c* Green Stamp rounds its first quarter of a century mark. Since 1896 this famous discount token has symbolized the spirit of true co-operation between merchant and customer. Its value in trade, as well as in the heart of the home, is as highly appreciated today as it was back in the 19th century.

The recent unveiling of a large oil painting (reproduced above), at the executive offices of the Company, marked the celebration of this Silver Anniversary.

The merchant, his customer and the modern thought of co-operation are the three elements expressed on the canvas.

Co-operation—the central figure—expresses the *25c* Green Stamp idea—she stands between buyer and seller and signifies the spirit which has glorified a mere barter into a relationship of mutual confidence, satisfaction and profit.

The Sperry Service is truly "The Tie that Binds."

THE SPERRY & HUTCHINSON CO.

114 Fifth Avenue

New York

the Council of the International Chamber held recently in Paris.

The United States was represented at the council meeting by Owen D. Young, vice-president of the General Electric Company; E. A. Filene, president, William Filene's Sons Company, Boston; and Elliot H. Goodwin, vice-president of the Chamber of Commerce of the United States.

At the same time the council created an executive committee of the International Chamber, the first meeting of which will be held about the middle of September. John H. Fahey was elected as the representative of the United States on the Executive Committee, with full power to name a substitute.

The appointment of an executive committee will undoubtedly assist the Paris headquarters in getting ahead with its work. The meetings of the council are held quarterly. This tends to slow up work in which questions of policy are involved. It is assumed that the Executive Committee will hold more frequent meetings. According to the constitution, the Executive Committee can exercise only such functions as are delegated to it by the council.

Great interest is being shown by American business men in the formation of committees which are to represent the United States in important matters which will come before the international body. Among the numerous subjects which are to be studied by the international committees are: Export credits, foreign exchange, reciprocal treatment of foreign banks, bills of exchange, economy of fuel, international bureau of statistics, international commercial arbitration, international protection of industrial prosperity, unification of tariff nomenclature, reciprocal treatment of commercial travelers, reform of the calendar, through freight trains on great international traffic routes, uniformity of ships' tonnage measurement, combined rail and ship bill of lading, uniform ocean bills of lading, uniform interpretation of meaning of trade terms, and uniform passport regulations.

American representatives of the International Finance Committee and the Bureau of Statistics have just been selected. The Committee on Finance is charged with the duty of carrying out two resolutions passed at the first annual meeting in London last June. One resolution deals with the question as to the best means by which the proposed conversion of German bonds may be effected. The second provides for a study of the effect upon the international exchanges of the present position of interallied debts and of possible remedies, and a study of the payment and utilization of the German reparation. The American representatives on the committee to carry out these two resolutions are:

F. O. Watts, president First National Bank of St. Louis.

George E. Roberts, vice-president National City Bank of New York.

Willis H. Booth, vice-president Guaranty Trust Company of New York.

Fred I. Kent, vice-president Bankers Trust Company of New York.

Nelson Dean Jay, Morgan Harjes and Company, Paris.

F. N. B. Close, vice-president Bankers Trust Company of Paris.

The representatives of the United States on the Statistical Bureau Committee and the Committee on Uniform Tariff Nomenclature are:

James R. MacColl, president Lorraine Manufacturing Company, Pawtucket, R. I.

Prof. G. B. Rimbach, Harvard Graduate School of Business Administration.



BUREAU OF CANADIAN INFORMATION

The Canadian Pacific Railway, through its Bureau of Canadian Information, will furnish you with the latest reliable information on every phase of industrial and agricultural development in Canada. In the Complete Reference Libraries maintained at Chicago, New York and Montreal, is complete data on natural resources, climate, labor, transportation, business openings, etc., in Canada. Additional data is constantly being added.

No charge or obligation attaches to this service. Business organizations are invited to make use of it.

DEPARTMENT OF COLONIZATION AND DEVELOPMENT

Chicago
165 E. Ontario St.

Montreal, P. Q.
335 Windsor Station

New York
Madison Ave.
at 44th St.

Henry E. Bedford, Jr., Bedford Petroleum Co., Paris.

A report has been received from Dr. Kappel, American Administrative Commissioner of Paris, giving the names of the members of the Executive Committee of the Council of the International Chamber. The members are as follows:

Alberto Pirelli, Italy.

Sir Arthur Shirley Benn, Great Britain.

John H. Fahy, United States.

Albert L. Legrand, Belgium.

Rene Dechenin, France.

J. S. Edstrom, Sweden, etc.

P. Von Hemert, Netherlands, etc.

Carlos Prast, Spain.

M. Hlavacek, Czechoslovakia.

Phillipe Von Hemert, a member of the Executive Committee, has recently been appointed as the Administrative Commissioner to represent Holland at the International Chamber Headquarters in Paris. Mr. Von Hemert has been in the United States for the past three or four weeks. He spent several days in Washington in conference with officials of the National Chamber.

Depreciation Facts

OF UNUSUAL interest to the various industries is a study of depreciation as it relates to production just made by the Fabricated Production Department of the Chamber of Commerce of the United States.

The results of the investigation are given in a pamphlet issued by the department. This pamphlet offers suggestions to ease the burden of depreciation in this period of business recovery; notes the importance of obsolescence; discusses the relation of depreciation to fire insurance; includes and explains a useful form of property ledger; points to the great need of establishing standard or guide rates of depreciation in all commodity lines, and emphasizes the great importance of including depreciation in everyday current costs.

"Each twist of the handle and blow of the hammer help to wear out plant and equipment, and the particular job or process that causes this loss should bear the cost," according to the pamphlet. "The basis of lower prices must be a greater efficiency, and complete costs. To that end, everything turned out by the factory should bear a proportional cost of depreciation."

For the proper recording of depreciation, the pamphlet provides a useful and simple form of property ledger.

Against "American Valuation"

THE American Chamber of Commerce in London has taken its stand in opposition to the "American Valuation" clauses of the proposed new tariff.

The conclusions reached by the Chamber, in whose deliberations American members alone vote, are based upon the belief that the "American Valuation" of imports for the purpose of assessing ad valorem duties, must inevitably be a handicap and an obstacle to the freest possible exchange of goods, which is not only in the best interests of both countries but is essential to the restoration of their mutual prosperity.

More Forestry Hearings

CONTINUING its investigations of forestry conditions throughout the country, the Committee on Forestry Policy of the Chamber held hearings at New Orleans on November 14, 15 and 16. The list of those invited to the hearings include lumbermen, conservationists, officials of national and state forest services, directors of experiment stations, college professors, and other scientists



Photo by Pearson
Seattle

Seattle

Seaport of Success and WHY—

SEATTLE is the youngest metropolitan city in the United States. Its foundations are based primarily on the generous bounties of nature and promise a future as certain and as brilliant as its brief and inspiring past.

SEATTLE is the metropolis of the Pacific Northwest, a region blessed with a wealth of great basic resources—timber, minerals, grain, fruit, dairying, fish, practically the only coal in the Pacific States, and one-sixth of the water power of the nation.

SEATTLE is the chief railroad center of the Pacific Coast, with four American and two Canadian transcontinental lines.

SEATTLE's Harbor, in the words of Prof. Collier Cobb, the eminent geologist, "is unmatched on the continent." The U. S. Shipping Board places it at the head of Class A harbors, "those deep enough for ships of any draft."

SEATTLE is the nearest American port to the vast treasure land of Alaska, now about to be developed; also to China, Japan and Philippines.

SEATTLE's docks and equipment are of the most modern and labor-saving sort, and port charges in Seattle are the lowest on the Coast.

A mild and equable climate gives as nearly as is humanly possible a 100 per cent labor efficiency 365 days in the year, and makes Seattle, year after year, the healthiest city in the world.

SEATTLE is the center of the Nation's summer play ground.

SEATTLE employers operate under the American Plan, a fair deal to all workers, union and non-union.

There is opportunity in Seattle for manufacturing, shipping, and general business, and what is no less important, exceptional health, recreation and consequent fullness of life.

Consider the question of manufacturing in Seattle or distributing from Seattle for Pacific Coast and Oriental markets. Write fully and frankly as to what phase of the subject interests you.

SEATTLE CHAMBER OF COMMERCE 913 ARCADE BUILDING, SEATTLE

Andrew Carnegie:

"SEATTLE is, I believe, destined to be one of the greatest centers of the country. It has all the natural advantages and a delightful climate. If I wanted to move West I think I should go straight to Seattle."



The Measure of Greatness

Institutions which attain national importance are almost without exception performing a great work.

A business grows because it is needed. It is usually successful in proportion to its effort to serve.

Service is the bedrock of business principle.

The National Bank of Commerce in New York is a great bank because it is a useful bank. Large industrial and commercial institutions are its customers because it renders to them a comprehensive, world-wide banking service essential to the conduct of their affairs.

In the better times of the future, service will continue to be the guiding motive. We not only shall serve but shall understand and appreciate the service of others. We shall grasp the idea that railroads, public utilities and powerful industries are, after all, merely the machinery employed by society to serve itself. We shall accept usefulness as the measure of greatness.

The National Bank of Commerce in New York has one fundamental purpose—to extend and broaden its usefulness to commerce and industry—to serve.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars



interested in forestry work, county agents, members of the Society of American Foresters, editors of trade journals interested in forestry, and large lumber, paper and pulp, and other wood-using associations.

Similar hearings have been held in Chicago, Minneapolis, Spokane, Seattle, Portland, and San Francisco. The committee spent some time investigating the actual conditions in the timber lands of the Northwest and the Pacific Coast.

The committee will conclude its hearings in Washington in December, and the various forestry interests of the East and the Northwest will have an opportunity to be heard. Following the Washington hearings the committee will prepare its report, which may be made the basis for a referendum to be taken by the Chamber.

The Aeronautical Industry

THE Department of Transportation and Communication is now studying carefully the best ways and means of giving legal and national status to the aeronautical industry in America. The National Chamber now has before it a resolution on this subject tendered by the National Aircraft Underwriters' Association, which reads as follows:

Resolved, By the Chamber of Commerce of the United States of America, that Congress be urged to settle at once the aeronautical situation; that it be requested to prepare and pass legislation embodying an aerial code and provide the necessary machinery for its enforcement, etc.

Waste in Distribution

PART OF the tremendous waste in distribution in this country can be eliminated by standardization of the quality, quantity and variety of products. Alvin E. Dodd, manager of the Domestic Distribution Department of the Chamber of Commerce of the United States, told the National Association of Purchasing Agents at the annual meeting held recently at Indianapolis. He said:

While we cannot expect a lady to be willing to wear a gown of exactly the same style and material as the one worn by her cook, we certainly do not require so many sizes of heels, so many varieties of saws, so many weights of hammers, such a vast array of door knobs and cutlery and glassware and china.

According to Mr. Dodd, the work of the purchasing agents would be simplified if commodities were more scientifically "graded." In unnumbered instances, he said, there is no standard at all to which a purchase may be related.

More and more the purchasing agents have come to rely upon a certain house as the criterion for everything in its line. Its product establishes the grade of all others of a like kind. It may be belting or rope or chain, or hardware or shirts or awnings. Sometimes the price is a little more, but the purchasing agent knows before the goods are shipped exactly what he is going to get. And it is this confidence on the part of their customers which allows manufacturers to keep their works going when their competitors are shut down tight.

Surprisingly little has been accomplished in the accurate grading of organic products, and indeed surprisingly few attempts have been made toward this very desirable purpose. So far as I know, the National Association of Hosiery and Underwear Manufacturers of America is the only body which has accomplished any material progress, and in this instance it is tentative rather than of a standardized character.

With minerals, as with other natural products, the case is entirely different. You can buy steel and iron quite definitely, from struc-

rural members to watch springs, based upon chemical formulae and heat treatments. Petroleum and its derivatives are thoroughly described by gravity and flash test specifications. The mysteries of lubricants and abrasives are expressed in such simple terms that their purchase involves little if any risk. To extend these facts to other articles of manufacture constitutes a crying need for every one engaged in the purchase of supplies.

Industrial Development

SUCCESSFUL methods of industrial development in cities are set forth in a pamphlet just issued by the Chamber of Commerce of the United States. The treatise was prepared by the Chamber's Organization Service Bureau from material gathered from several hundred commercial organizations throughout the United States.

Against Tariff on Films

IN a communication to the Foreign Commerce Department of the United States Chamber of Commerce, the American Chamber of Commerce in London enters a protest against the proposal of the United States to impose a 30 per cent ad valorem tax on foreign films. The London Chamber says:

The effect of such tariff would be most harmful inasmuch as the American film trade itself would inevitably be the loser. From the American standpoint it probably amounts to "asking for trouble." No foreign film could pay the 30 per cent ad valorem duty based on the United States valuation and live. The duty would absolutely stop the trade. The natural result for the European countries affected would be to retaliate against American films. The resultant stoppage would hurt America much more than it would any other country.

For instance, 85 per cent of the pictures shown on British screens are American. On the other hand, it is understood that only 1 per cent of the films shown in America are foreign.

School Building

THE Civic Development Department of the National Chamber has just issued the second pamphlet in a series of five on the general subject "The Schools of Your City." This one has particularly to do with school building and equipment. It contains much valuable information on lighting, ventilation, water supply, heating systems and fire protection. It also presents a bibliography of the most authoritative works on school architecture.

Public Sentiment and the Strike

COMMERCIAL organizations throughout the country rendered such meritorious service to the country in arousing public sentiment against the threatened railroad strike that President DeForest of the National Chamber took occasion to write a letter to each organization expressing his appreciation of their work.

The extent to which organizations connected with the National Chamber organized to meet in their respective communities the threatened railroad strike was revealed in a flood of telegrams to headquarters. The outstanding facts brought out in these telegrams are that:

There was a substantial sentiment that the time had come to fight the issue through without compromise.

The public does not intend to sit quietly by without action when an effort is being made to choke it into submission.

The fullest support will be given the constituted authorities in any action to keep transportation lines open.

Commercial organizations will make every

STEEL BUILDINGS



Prudential Building erected by Consumers Mining Company, Harmarville, Pa.

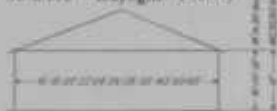
Types and Sizes



STORAGE BUILDING
Two 50' spans



90' x 100' "Daylight" Factory



Variation in size of above building
With or without roof rack



90' x 100' Factory Building with Monitor



Variation in size of above building
With or without roof rack



HANDY HOUSES
5' x 5' up to 14' x 50' in size

Prudential Building, 20' x 17 1/2' x 84', used as power house by Pennsylvania Casting & Machine Co. Photo taken during erection.

Think of the Saving

A Prudential all-steel Power House erected by common labor and a couple of handy men.

This is the story:

The Pennsylvania Casting and Machine Works needed a power house. They selected a Blaw-Knox Prudential Sectional Steel Building as the best the market could furnish. They erected this building in a few days with their ordinary labor.

The expense was small—the result big. The power house as it stands is eminently satisfactory—truly economical and will be giving the same admirable service twenty years hence.

Prudential Buildings are furnished in all single span widths from 8' to 60'. Any lengths—single story construction.

Prices are now at rock bottom. You can order, receive and erect a Prudential Building in the same time it takes to prepare specifications and drawings for a special structure.

Write for Prudential literature—even if you are only figuring for future needs—we can save you money.

BLAW-KNOX COMPANY

632 Farmers' Bank Bldg.

PITTSBURGH, PA.

New York Boston Baltimore Birmingham
Chicago Detroit Kansas City San Francisco

PRUDENTIAL

STANDARDIZED BUILDINGS SECTIONAL



First National Bank Building, Champaign, Ill. - Messrs. Mundie and Jensen, Architects.

What Building Material Will You Select for Your New Business Home?

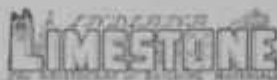
If you were assured that you could build with a beautiful, natural stone as economically as with an imitation product, would you hesitate in your choice of materials? The answer is obvious.

You will select the best material that your expenditure will warrant, for you feel that your business deserves to be housed in a building that will reflect dignity and substantiality.

No building material is in more extensive and diversified use than Indiana Limestone. It is the ideal material for your business home. Its incomparable beauty, extreme durability and ultimate economy make it practicable for new or altered buildings.

Every builder may receive, without obligation, the full co-operation of this Association. Let us help you with your building problem.

Interesting Booklets on Indiana
Limestone will be mailed on request



Indiana Limestone Quarrymen's Association
Box 775, Bedford, Indiana

effort to keep up a constant flow of the necessities of life.

Many communities reported the acquisition of stocks of foodstuffs.

Truck lines were projected to move necessary freight.

Communities were getting ready to run campaigns for recruiting men to operate necessary trains.

The National Chamber's attitude toward the contemplated strike was clearly set forth in a statement issued by President DeGrees on October 17, two weeks before the date set for the strike. This statement was widely

The Chamber of Commerce

By HERBERT HOOVER

ANYONE who has watched the development of our cities during recent years must be impressed by the effective and constructive service rendered by their Chambers of Commerce. These organizations have not only promoted the business interests of their communities but have justified our confidence in American business men by the increasing breadth of vision and public spirit which make them see all the community's problems as their own, to the solution of which they willingly contribute time, effort and their practical point of view.

But this is only part of their service. By uniting their strength through the Chamber of Commerce of the United States they are rendering the Nation a service as great as they rendered their local communities. The National Government needs and appreciates the aid, counsel and advice which American business as a whole can give. The action taken by Chief Justice Taft during his term as President, which led to the formation of the National Chamber of Commerce, has been abundantly justified by experience.

carried in the press of the country, and it was instrumental in creating public sentiment against the threatened calamity.

Progress in Standardization

DEFINITE progress is being made by the Fabricated Production Department of the Chamber of Commerce of the United States in its effort to impress upon industries the necessity of reducing economic waste through the elimination of unnecessary variety. From time to time reports are received by the department showing what concerns throughout the country are doing to standardize their products. One of the most interesting reports recently received by the department came from a large concern in the steam and plumbing supplies line. The facts are worth repeating. Here they are:

The manner in which this problem of excess variety came to our attention was through the fact that, although we had large inventories in the aggregate, we also had huge "shortages" in many lines. Evidently, we had considerable "dead stock" on our hands. We were unable to give our customers the best service. We had large sums "frozen" in slowly moving merchandise inventories and were, consequently, losing profits.

We catalog some 17,000 different items of our own manufacture, but a most casual glance through our Balance of Stores Records indicated that there were hundreds, if not thousands, of these in the slowly-moving class.

DURAND STEEL LOCKERS



A LOCKER should be something more than a wardrobe. It should be a safe place for your money, your watch or jewelry, or any valuable papers that you may be carrying.

Durand Steel Lockers are solidly built. Notice the Durand hinge and the Durand multiple locking device, proof against prying. Yale locks or Miller combination locks are furnished as desired.

Durand Steel Lockers are safe.

We also make Steel Racks, Bins and Shelving. Catalogues on request.

DURAND STEEL LOCKER CO.

1511 Ft. Dearborn Bank Bldg. Chicago
1411 Park Row Bldg. New York

We decided, therefore, to determine which were the 500 fastest moving, or most significant, items. In order to do this, we tabulated by pieces and by weight our yearly sales, in terms of orders received at the factories for a period of five years, and determined the yearly averages over this period. We found it expedient to expand our list so as to include 610 items. What did this simple analysis reveal? It showed us, much to our surprise, that between 60 and 65 per cent of our tonnage output is represented by these 610 items. The answer was obvious. Thousands of the other items are, no doubt, very essential to the community, but there are also thousands of the other items for which standard material can be substituted. Our thought is to increase the size of our list of fast moving items so as to embrace all items which we would stock, and to stock only the significant items. All other material would be considered as special and made on order only.

By coordinating our production with the demand for these important items so as to always have them in stock, we hope to, persuade the trade to take the standard material, and receive immediate delivery, rather than to wait for a somewhat modified pattern.

Natural Resources Production

THESE SUBJECTS of special interest to natural resources were discussed by the departmental committee of the Natural Resources Production Department of the National Chamber at a recent meeting in Washington: Those affecting the coal industry; the importance of correlating various statistics assembled by different governmental agencies; the necessity for careful survey of land, mineral and other resources, both at home and abroad; completion of topographical survey of the United States; the natural gas situation; proposed legislation to regulate and tax natural resources, both state and federal; greater efficiency in uses of raw materials; determination of a national mining policy; the establishment of a Department of Mines; the effect of freight rates on bulky, low-priced raw materials; cost of distribution; development of water power; proper policy toward "war metals"; reclamation of lands; perpetuation of timber supply.

The Trade Associations and the Government

ENTER, the "Trade Association Executive" as a member of the professions.

This classification of the trade association executive was clearly established at the first annual meeting of the American Trade Association Executives, held in Chicago on October 26, 27, and 28.

This organization, composed largely of trade association secretaries, was formed at Lenox, Mass., about a year ago, and was brought into being by a number of trade secretaries of high standing and experience who felt that the time had arrived, as Secretary Hoover has aptly expressed it, for a separation of the "sheep from the goats."

Industrial lines have been represented by their trade associations in this country for more than half a century and those trades so served have prospered and advanced in efficiency because of such intercourse among competitors.

In recent years and especially during the late war the number of these organizations, national, district and local, increased greatly and this mushroom growth brought into being improperly formed associations. Many of the organizations complained of by certain departments of the Government are of this character. It was because of these conditions

A giant force

that moves from 5 to 500 gallons a minute of any fluid or semi-fluid—there's pump action! That's what

BLACKMER ROTARY PUMPS

are daily doing for such concerns as

The Standard Oil Company of Indiana
The Procter & Gamble Company
The Ford Motor Company
The Blue Valley Creamery Company
The Packard Motor Company
The Acme White Lead and Color Works
Ohio State University

What is your liquid pumping problem? Milk—oil—soap—varnish—ammonia—catsup—paint—or what?

20 years of service with leading industrial concerns have enabled us to develop a superior pump for nearly every use. Blackmer pumps give a maximum of steady power and unusually long life.

A Blackmer survey in your plant may discover new ways for pump efficiency or stop some leak in profits. We offer expert analysis to responsible concerns—those requiring correct advice on their pumping problems.

A Blackmer survey incurs no expense or obligation on your part.

Ask us for detailed information, literature, and pump facts.

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Chicago	Pittsburgh	New York
San Francisco	Philadelphia	Houston
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Blackmer rotary pumps are in demand because of their simplicity and economy—no springs, no adjustments, nothing to work loose, automatically adjusted to wear, easily taken apart and assembled

MEETING BANKING NEEDS NOW AND IN THE FUTURE

Planning for the future should no more be neglected in choosing your banking connection than in directing your business.

When you open an account here you can be sure of adequate facilities both now and later. Our world-wide banking connections, experience, and the wealth of business and financial information which we can place at your disposal should be influential factors in determining your New York banking arrangements.

Growing concerns, as well as those that are firmly established, will find this an institution peculiarly suited to their needs.

BANKERS TRUST COMPANY

New York

Paris

"A
Tower of
Strength"



and a desire to do justice to the vast number of proper and worthy organizations of this character that the "American Trade Association Executives" launched their craft.

Interest in the convention was manifested by the attendance of the big men of the profession from all parts of the country. The organization gained in membership over 30 per cent during the sessions.

Chairman E. H. Naylor, secretary of the National Association of Writing Paper Manufacturers, wielded a wicked gavel and kept things miles away from stagnation.

Here are some of the meat-to-the-heart subjects considered—bear in mind this menu was prepared for trade secretaries.

"Basic Philosophy of the Trade Association." O. B. Towne, Waxed Paper Manufacturers' Association.

"Uniform Cost Systems." E. T. Miller, United Typothetae of America.

"Multiple Secretaryships and Federated Associations." Wm. B. Baker, National Association of Chair Manufacturers.

"Conduct of Committee Work." Alfred Reeves, National Automobile Chamber of Commerce.

"Future of the American Trade Association Executives." O. L. Moore, Sales Book Manufacturers' Association.

"Trade Extension Work." J. E. Rhodes, Southern Pine Association.

"Technical and Service Divisions." A. F. Allison, International Garment Manufacturers' Association.

"Trade Associations and the Government." F. M. Feiker, representing Herbert Hoover, Secretary of Commerce.

"Cooperative Competition." Clark McKeecher, counsel for several associations following a modified form of so-called open-price cooperation.

This subject was also dealt with by Wm. J. Matthews, partner of the late Arthur Jerome Eddy.

All of the papers presented were discussed by men of equal prominence with those who made the presentations and will be covered in a forthcoming report of the organization.

Mr. Feiker, in presenting Mr. Hoover's message of friendly interest and desire for contact with properly organized associations, pointed out clearly the dependence of the Department of Commerce on the various trade lines.

The pending cases of the Government against certain associations, especially where activities dealing with prices were complained of, prevented any of the government departments from commenting on what might be approved or what condemned, but it was suggested that it was not probable that any rule would be laid down whereby price or production regulation or adjustment could be handled by an association because of the evident difficulty in policing. For the present at least "each must develop his own costs and fix his own margins."

The desire of the secretaries as to co-operation with the Chamber of Commerce of the United States was set forth in the president's report of the special conference held at Washington last June. A series of resolutions were passed calling upon the Chamber to establish a service bureau to deal with the common problems of trade organizations and to arrange for complete and regular co-operation. A contact committee is to be appointed to deal with the Chamber on these matters.

The writer extended in behalf of the Chamber an invitation to the organization to hold its next convention in Washington.

The Chicago Secretaries' Forum tendered the visiting secretaries a banquet on Thursday evening.

The Business Man's Business Man

THE MEETING of the National Association of Commercial Organization Secretaries held at New Orleans recently brought out two things clearly: the practical value of chambers of commerce to their own cities and the fact that the difficult problems in one city are very like the difficult problems in other cities.

Superficial observers might think that the executive of a powerful commercial body in a great city would have little to learn from the secretary of a small town on the prairies. But the executive knew better. It is of importance to him to learn what the business men of the smaller cities are thinking, to learn what they regard as important, what methods they have devised of dealing with these important matters, what their opinion is on questions of general interest. And no one can tell him so well as the secretary from a small, far-away city. And this the secretary tells not so much in the way of direct question and answer as by his interest in subjects under discussion and by his contributions to the discussion.

According to President Beach, activities of a chamber of commerce should be directed:

- To get business men pulling together.
- To raise standards of doing business.
- To develop business of community.
- To encourage physical improvement of city.
- To obtain good government at reasonable cost.
- To inspire good citizenship.
- To improve "civic" conditions, making your city "a good place to live in and work in."
- To bring about relations between employer and employee that are fair, satisfactory and conducive to efficient production.
- To render service of value to business men.
- To voice the views of business.

"We are under great obligations to the Chamber of Commerce of the United States," President Beach said, "for the practical help it has given us. Its moral support, its financial support, and the individual support of its executives made it possible to undertake and carry forward the program of the National School."

A large part of the program was necessarily given over to matters of professional interest: "A Business Building Program for a Chamber of Commerce," "Tourist and Travel Bureau," "Membership," "Selling Arguments," "Relation of the Secretary to His Board of Directors," "How to Present a Project or Report to a Committee—to a Board of Directors—to a City Council—to a Public Meeting," "Financing a Chamber of Commerce." But the presentation of each of these brought out expressions as to the value of certain activities as well as opinions on methods. These secretaries were keenly on the trail of whatever would make their home towns better places for business, better places for homes. These are the business man's business men.

Another point that came out more clearly at the New Orleans meeting than ever before is the growing strength of American commercial organizations as a coordinated team, working for their local communities, of course, but more and more consciously working for the country as a whole through the service they render their local communities. As they come to realize that their problems are common problems, they cease to be isolated units working separately against great odds of indifference and inertia. Their secretaries cease to be lonely men, each playing a lone hand against competitors, and begin to be supporters of each other, mutually helpful in pushing American business forward and in interpreting the broadening vision and

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IN mining coal and ore, in firing power plant boilers, in driving factory line-shafts and machines that manufacture hundreds of America's products, DIAMOND Quality Chains help cut power and upkeep costs and increase the efficiency of the equipment they serve.

For practically every place where power is transmitted—whether it is a light, high speed motor drive or the operation of a heavy, slow speed machine tool—these chains provide a dependable power-drive that meets every demand of efficiency and economy. They save power and speed up machinery because slippage is eliminated and friction reduced. They save shut-down and repair expenses by giving constant, durable service.

These are only a few of the many thousand uses for DIAMOND Chains. You'll find them used on bicycles, motorcycles, trucks, tractors, ships, trains, and in numerous other ways. How about your own product, or the equipment of your mill, mine, factory or railroad? Ten to one there's a place where a DIAMOND Quality Chain will cut your power and upkeep bills, cost you less and serve you longer than any other drive. Ask our engineers to give you full information.

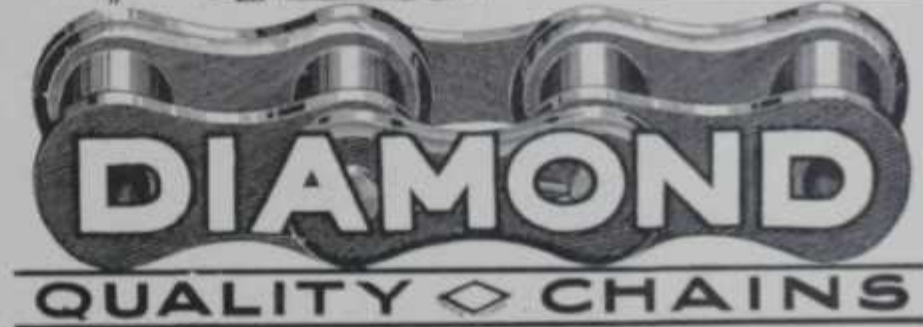
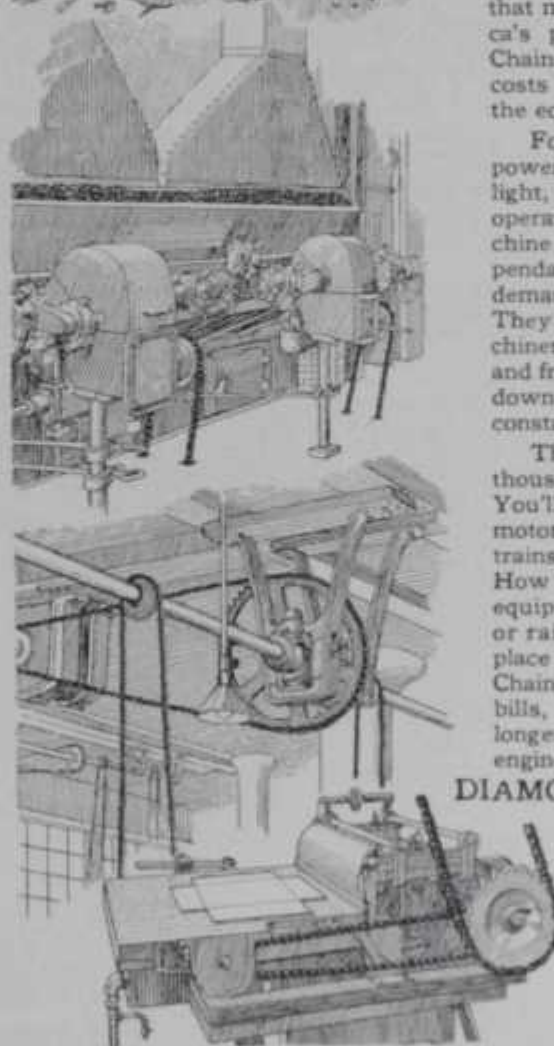
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in YOUR office will typewrite your form letters quickly and neatly

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Six years on the market
3000 in use

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To American Manufacturers

Who are intending to place a factory in CANADA, we offer the following manufacturing sites:

Sixty-four (64) acres with 2,188 feet of deep waterway frontage. This property is connected by rail to five American and Canadian Trunk Lines. Thirtieth minutes from Detroit City Hall. Unlimited AMERICAN and CANADIAN labor.

We have several small industrial sites, all of which are connected by rail with five Trunk Lines. There are one hundred and forty-seven American firms already located in the BORDER CITIES.

P. J. ENGLAND
Windsor, Ontario

public spirit of American business to the rest of the community.

This was illustrated by the year's achievements of which the National Association feels most proud. As listed at the convention they are: the establishment of the National School for Commercial Organization Secretaries in cooperation with the Chamber of Commerce of the United States and Northwestern University; the founding of *Natus News* and the appointment of a committee of secretaries that maintains a constant and direct contact with the National Chamber of Commerce.

The new officers and directors are:

President, F. D. E. Babcock, Worcester, Mass.; first vice-president, G. Wray Lemon, Troy, N. Y.; second vice-president, George T. Cross, Homer, La.; secretary-treasurers, John E. Northway, Hamilton, Ohio; Lee H. Bieren, Grand Rapids, Mich.; A. S. Dudley, Sacramento, Calif.; W. E. Holmes, Wichita, Kans.; J. David Larson, Omaha, Nebr.; Charles W. Ward, Evanston, Ill.

Heading Off Future Periods of Unemployment

UNEMPLOYMENT is not only a present, it is a future, problem. How shall we keep that wolf away from the door? The recent conference called by President Harding and presided over by Secretary Hoover reached this conclusion:

"Unemployment on a vast scale is always a result of business depression. The problem of preventing or mitigating unemployment is therefore part of the larger problem of preventing or mitigating alternations of business activity and stagnation."

These alternations are not local to the United States. They affect all countries that are highly developed commercially, and in the opinion of the conference "these international aspects of the problem have an important bearing on all proposals for treatment."

It is this very "internationalism" of business cycles that gives hope for the future. On this point the conference declared itself as follows:

The leading business nations have made incontestable progress toward diminishing the violence of business crises. Each step in this direction has resulted from a wise use of lessons drawn from past experience. The creation of the Federal Reserve System is a notable example of American achievement in this field. That measure prevented the crisis of 1920 from degenerating into panic. Having devised a method of mitigating the severity of crises, we can, with good prospects of success, turn out constructive efforts to the further problem of mitigating the severity of depression.

The business cycle is marked by peak periods of boom between valleys of depression and unemployment. The peak periods of boom are times of speculation, over-expansion, extravagance in living, relaxation in effort, wasteful expenditure in industry and commerce, with consequent destruction of capital. The valleys are marked by business stagnation, unemployment, and suffering. Both of these extremes are vicious, and the vices of the one beget the vices of the other. It is the wastes, the miscalculations and the maladjustments grown rampant during booms that make inevitable the painful process of liquidation. The most hopeful way to check the losses and misery of depression is therefore to check the feverish extremes of "prosperity." The best time to act is at a fairly early stage in the growth of the boom.

Here is one way in which the conference would go to work to head off future unemployment:



Turn the Light of Day on Those

secret and hidden leaks in your organization, that are ordinarily buried in files and cabinets—useless and ineffective. Utilize UNIVERSAL DISPLAYORS in every department of your organization to effectively coordinate and visualize vital information and statistics.

In practically every department you will find there buried facts—important to every organization—but serving no useful purpose until brought to light, where they can be visualized and put to good use.

UNIVERSAL DISPLAYORS are being used by thousands of executives for visualizing business facts. Can be used by:

Factory Superintendents
Employment Managers
Advertising Managers
Purchasing Managers
Government Officials
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Office Managers
Health Officials
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Circular 33-C Gives Full Details
Send for It Today

UNIVERSAL FIXTURE CORP.

133 West 23rd Street, New York



We can make a broad distinction between our additions to national plant and equipment such as houses, railroads, manufactures, and tools, on the one hand, and the consumable goods which we produce, on the other. At the present time we increase our activities in both of these directions at the same time, and in their competition with each other we produce our boom.

The ebb and flow in the demand for consumable goods may not be subject to direct control, but, on the other hand, it should be possible in some measure to control the expansion of the national plant and equipment. If all branches of our public works and the construction work of our public utilities—the railways, the telephones, etc.—could systematically put aside financial reserves to be provided in times of prosperity for the deliberate purpose of improvement and expansion in times of depression, we would not only greatly decrease the depth of depressions, but we would at the same time diminish the height of booms. We would, in fact, abolish acute unemployment and wasteful extravagance. For a rough calculation indicates that, if we maintained a reserve of but 10 per cent of our average annual construction for this purpose, we could almost iron out the fluctuations in employment.

Nor is this plan financially impracticable. Under it our plant and equipment would be built in times of lower costs than is now the case, when the contractor competes with consumable goods in overbidding for both material and labor.

STATEMENT of the Ownership, Management, Circulation, Etc., required by the Act of Congress of August 24, 1912, of The Nation's Business, published monthly at Washington, D. C., for October 1, 1921.

C. M. O. of the National District, Columbia, a Pedern
a, a Secretary, in and by the City and District Attor-
will, personally appeared Marie Thorpe, who, having been
died which according to law, deposes and says that he is
the editor and general manager of The Nation's Business,
and that the following is, to the best of his knowledge and
belief, a true statement of the ownership and management
of the aforesaid publication for the date shown in the above
caption, according to the Act of August 24, 1917, embodied in
Section 415, United States Code, Regulations, printed on the
minutes of this board, in which:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publishers, *Quarterly of Commerce of the United States*, Mills Building, Washington, D. C. Editor, *Marin Tetter*, Mills Building, Washington, D. C. Managing Editor, *F. S. Tisdale*, Mills Building, Washington, D. C. Business Manager, *John G. Hatcher*, Jr. Mills Building, Washington, D. C.

3. That the owners are: Chairman of Congressmen of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers and directors are as follows:

President, Joseph M. DeLoach, Chicago, Ill.; Resident Vice-President, Elliot H. Conover, Washington, D. C.; Vice-Presidents, A. C. Redford, New York City, William Ruten-bergh, Moline, Ill., Philip T. Taylor, Louisville, Ky.; Secretary, D. S. Johnson, D. C.; Treasurer, D. C. Johnson, Ill.; Editor, Washington, D. C.; Directors, Max W. Hall, Lincoln, Wis.; J. H. Blomstedt, Seattle, Wash.; A. J. DeLoach, Altoona, Pa.; M. Clark, Portland, Ore.; John M. Crawford, Parkersburg, W. Va.; Cyril C. Danesh, St. Louis, Mo.; J. H. DeLoach, Jr., St. Louis, Mo.; J. H. DeLoach, St. Paul, Minn.; Gary E. Felt, Chicago, Ill.; Charles C. Givens, Omaha, Neb.; Edwin C. Hill, Cincinnati, Ohio; William T. Hinks, Bridgeport, Conn.; Clarence H. Howard, St. Louis, Mo.; A. L. Humphrey, Pittsburgh, Pa.; Joseph R. Keith, Kansas City, Mo.; Frank E. Kirk, Wichita Falls, Tex.; James C. Ladd, Chicago, Ill.; W. H. Ladd, Missoula, Washington; B. L. Andrew C. Pearson, New York City; Louis E. Pearson, New York City; John L. Powell, Wichita, Kan.; C. R. Rountree, Hartford, Conn.; Frederick S. Schmitt, Salt Lake City, Utah; J. B. Bass, Winter Garden, Fla.; M. J. Tavel, St. Louis, Mo.; J. H. DeLoach, Jr., Fresno, Calif.; George S. Hall, New York City; John W. Staley, Detroit, Mich.; Lewis R. Sullivan, Lakeland, N. J.; Ernest T. Tritz, Philadelphia, Pa.; Henry M. Tritz, Chicago, Ill.; C. Frederick R. Wells, Minneapolis, Minn.; Theodore F. Wittenbach, New York City; Thomas E. Wittenbach, Chicago, Ill.

2. That the known twofoldness, mortgage, and other monthly business costing or loading 1 per cent or more of total amount of funds, mortgage, or other securities now.

Thus, the first paragraph sets down, giving the names of the owners, stockholders, and security holders, if any, where not told the list of stockholders and security holders as they appear upon the books of the company, but also, it says where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, it gives; also that the said two paragraphs contain statements embracing what's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold their stock or securities in a fiduciary other than that of a bona fide owner, and what said law or reason is believed that any other person, partnership or corporation, has any interest direct or indirect in the said stock, bonds, or other securities that as so stated in this.

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Death is and is expected before we fully grasp it
 September, 1911

LACEY C. SAPP, M. D.

(1972) *Journal of the Royal Society of Medicine*, 65, 107-110.

Locomotive Air Compressors Now Used Everywhere



10½-INCH CROSS COMPOUND
STEAM DRIVEN COMPRESSOR
(LOCOMOTIVE TYPE)

WESTINGHOUSE Locomotive Air Compressors were originally developed fifty years ago especially for railroad service, but are by no means limited entirely to that use now.

They have been "discovered" by thousands of contractors and manufacturers who find them unequaled for convenience and dependability when the job requires a steam-driven machine capable of rendering first-class, unhindered service under any operating condition.

Built in various sizes up to 150 cubic feet.
Designed to fit into small spaces and odd corners.

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Our publication 9012, giving full particulars, sent on request



WESTINGHOUSE AIR BRAKE CO.

GENERAL OFFICES AND WORKS, WILMERDING, PA.

NEW YORK WASHINGTON CHICAGO ST. LOUIS SAN FRANCISCO



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